



## Doing Business in Honduras: 2015 Country

### Commercial Guide for U.S. Companies

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## Chapter 1: Doing Business in Honduras

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### Market Overview

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Located in the geographic heart of Central America, Honduras has a democratic government with an open economy and policies for doing business. Exports to Honduras continue to perform well and, as the 42<sup>nd</sup> largest export market for U.S. companies in 2014, Honduras' population of 8.8 million is highly receptive to U.S. goods and services. Despite a complex domestic environment resulting from economic downturns and political reforms, the country is taking important steps towards improving its business and investment climates, such as: adopting fiscal discipline and consolidation, infrastructure development through public private partnerships, combating corruption and insecurity, simplifying administrative procedures, and focusing on improving overall competitiveness and productivity.

The United States is Honduras' largest trade and economic partner. U.S. exports to Honduras were \$5.9 billion in 2014, up by 10.4 percent from 2013. The Central America – Dominican Republic Free Trade Agreement (CAFTA-DR), which entered into force in 2006, boosted U.S. export opportunities and diversified the composition of bilateral trade. Currently, U.S. exports to Honduras are up by 82 percent since 2005, the year before implementation of this FTA. CAFTA-DR implemented important measures related to investment, customs administration and trade facilitation, technical barriers to trade, government procurement, intellectual property rights, transparency, labor and environmental protection. About 80 percent of U.S. goods now enter the region duty-free, with tariffs on the remaining 20 percent to be phased out by 2016.

Honduras had an estimated per capita GDP of \$2,219 in 2014. It is one of the poorest countries in the Western Hemisphere, with over 66 percent of its population living in poverty. Honduras has enjoyed moderate economic growth since 2010 after a sharp decline in 2009 that had occurred due to the effects of the global economic downturn and Honduras' domestic political crisis. GDP growth is picking up from 2.6 percent in 2013 to 3.1 percent in 2014, and is estimated at 3.5 percent for 2015. Boosting the country's productivity levels is seen as crucial for maintaining economic growth. The rate of inflation in 2014 was 5.8 percent, and is estimated at 4.75 percent in 2015. The Honduran currency, the lempira, has floated in a band system since 2011. The Government of Honduras is targeting annual depreciation of 5% for 2015 and 2016 and a depreciation of 4.5% per year for 2017 and 2018, a measure which is supported by the banking sector. U.S. investment in Honduras totaled \$901 million at the end of

2013, concentrated in the manufacturing sector. More than 200 American companies are currently operating in Honduras.

Top five reasons why U.S. companies should consider exporting to Honduras:

- 1) Free Trade Agreement (FTA) market;
- 2) Close proximity to the United States;
- 3) Among the most receptive markets for U.S. goods and services worldwide;
- 4) Modernized port infrastructure and logistical platform for the region;
- 5) Large market share and opportunities for U.S. firms.

## Market Challenges

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- **Fiscal Imbalance** – Honduras' public debt is approximately 40 percent of its GDP, making sustained fiscal consolidation and discipline a major priority for the country. The recent signing of a three-year stand-by agreement with the International Monetary Fund (IMF) is perceived as instrumental for preserving the country's macroeconomic stability and bolstering investors' confidence.
- **Lengthy Due Process** – While open to foreign investment, with limited restrictions and performance requirements, some U.S. investors have experienced long waiting periods for regulatory and legislative approvals. Although starting a business is fairly easy and efforts are underway for streamlining administrative procedures, obtaining some licenses can still take a few months. The World Bank ranked Honduras 104<sup>th</sup> of 189 countries in its 2015 Doing Business report.
- **Social Investment** – Honduras' business climate is hampered by low education levels and weaknesses in the healthcare systems.
- **Large Informal Economy** – Firms in different sectors may often be pushed into competition with informal firms for market share.
- **Corruption** – U.S. firms and citizens have found corruption to be a constraint to successful commercial activities in Honduras. Honduras' judicial system is perceived to be subject to outside influence, and the resolution of investment and business disputes is largely perceived as nontransparent. In its 2014 Corruptions Perceptions Index, Transparency International (TI) ranked Honduras 126 out of 175 countries. Earlier in 2015, the Government of Honduras and TI signed a Collaboration and Good Faith agreement aimed at promoting and encouraging transparency and accountability, combatting corruption, and strengthening institutions that make up the national integrity system. Health, education, infrastructure projects, security, and tax administration are areas of vital importance for Honduras.
- **Security** – Personal security is a major concern in Honduras. Although the homicide rate has dropped, it remains among the highest in the world. Theft, pickpocketing, and armed robberies occur frequently in urban areas.

## Market Opportunities

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- **Location** – Located in the center of Central America, Honduras enjoys close proximity to the U.S. market. It is only a 2-3 hour flight from U.S. gateway cities, and 48 to 72 hours away by sea. Honduras also serves as a distribution platform for the rest of Central America due to some of the lowest logistical costs in the region. Puerto Cortés, the largest deep-water port in the region, is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI).
- **Commercial Environment** – Consumer tastes in Honduras lean towards U.S. products and standards. English is widely spoken in business circles. Dominance of U.S. media through cable and network television strengthens the country's preference for U.S. consumer products and culture.
- **Primary Export Sectors** -- Leading export categories to Honduras in 2014 include: petroleum products, cotton, yarn, and textile fabrics, electrical machinery, chemicals, manmade staple fibers, computer and electronic products, and food products. CAFTA-DR's rules of origin promote the use of U.S. fiber, yarn, and fabric.
- **Best Prospect Sectors:** Honduras is a relatively small with large market share for U.S. products and services. Among the most promising sectors for U.S. companies include: automotive aftermarket products, safety and security equipment, franchising, electrical power systems/renewable energy equipment, food processing and packaging equipment, processed foods and travel and tourism services.

## Market Entry Strategy

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- **Two Regions** – For marketing purposes, Honduras can be divided into two regions: the Northern Coast, including the country's commercial and industrial capital city of San Pedro Sula, and the Central region, where the political capital and largest city, Tegucigalpa, is located. Both are major distribution centers for imported goods. A single distributor or representative is usually sufficient to cover all of Honduras.
- **Starting a Business** – According to the 2015 World Bank Doing Business Index, the time required for establishing an enterprise in Honduras is an average of 14 days, significantly less than the average of 30 days in Latin America and the Caribbean. Appointing a local agent, representative, or legal advisor is strongly recommended to help with import procedures, sales promotion and after-sales service. Independent intermediaries are especially important for smaller companies, as their knowledge of the market and of the relevant business customs and practices adds strong value for the U.S. manufacturer/exporter. U.S. companies are advised to evaluate local prospects in terms of the services and benefits provided, considering factors such as location, financial strength, quality of the sales force, warehousing facilities, reputation in the market, product compatibility and overall

experience. Prior to entering into a commercial relationship, U.S. companies should conduct due diligence and visit potential partners or agents in Honduras.

- **Price and Credit** - Price is among the most important selling factors in Honduras. In many cases, Honduran business people buy directly from the source if they feel that the cost savings are sufficiently advantageous. The local banking system is traditionally conservative and generally extends only limited amounts of credit, though looser monetary policies and increased competition from regional and international banks have led to some expansions of consumer credit. U.S. exporters that offer attractive financing terms for Honduran traders have the best chance of gaining market share.
- **Testing the Market** – When entering the Honduran market, U.S. firms should always seek legal advice, and take advantage of the help offered through different organizations supporting trade, such as chambers of commerce and industry associations. U.S. firms should also consider testing the market by participating in local events, trade missions, and other exploratory visits.

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## **Chapter 2: Political and Economic Environment**

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1922.htm>

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### Using an Agent or Distributor

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The principal-agent relationship in Honduras is governed by the civil and commercial code, Decree Law No. 549, Official Register (La Gaceta) No. 22366, of December 7, 1977. This law, entitled "Law on Agents, Distributors and Representatives of Domestic and Foreign Companies," includes a provision for penalties for wrongful termination that discourages exclusive distribution agreements. For new-to-market or new-to-export companies, authorized distributorship arrangements or renewable periods of representation are recommended over exclusivity contracts, unless the relationship has proven to be stable and profitable for both parties.

For contractual relations entered into after the date of entry into force of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), April 1, 2006, the following special regime obligations apply:

- Honduras may not require that a representative, agent, or distributor be a national of Honduras or an enterprise controlled by Honduras nationals;
- Honduras may not require a goods or service supplier of another Party to supply such goods or services in Honduras by means of a representative, agent, or distributor, except as otherwise provided by law for reasons of health, safety, or consumer protection;
- Honduras shall provide that: the fact that a contract of representation, distribution, or agency has reached its termination date shall be considered just cause for goods or

service supplier of another Party to terminate the contract or allow the contract to expire without renewal; and any damages or indemnity for terminating a contract of representation, distribution, or agency, or allowing it to expire without renewal, without just cause shall be based on the general law of contracts.

- Honduras shall provide that: if the amount and form of any indemnification payment is not established in a contract of representation, distribution, or agency and a party wishes to terminate the contract, the parties may agree to resolve any dispute regarding such payment in the Center for Conciliation and Arbitration of Honduras, or if the parties agree otherwise, to another arbitration center; and in such proceeding general principles of contract law will be applied; in any decision awarding an indemnity calculated under Article 14 of Decree Law No. 549, the amount shall be calculated as of the date of entry into force of the CAFTA-DR Agreement, expressed in terms of Honduran Lempiras as of that date, and converted into U.S. dollars at the exchange rate in effect on the date of the decision. Decree Law No. 549 applies to a contract only if the representative, distributor, or agent has registered with the Ministry of Economic Development (SDE).

Although a U.S. firm may export directly to Honduran companies, appointing a local agent, representative, or legal advisor is strongly recommended to help with import procedures, sales promotion and after-sales service. Independent intermediaries are especially important for smaller companies, as their knowledge of the market and of the relevant business customs and practices adds to the strength of the U.S. manufacturer/exporter. U.S. companies are advised to evaluate local prospects in terms of the services and benefits provided, considering factors such as location, financial strength, quality of the sales force, warehousing facilities, reputation in the market, outlay for advertising, product compatibility and overall experience. Prior to entering into a commercial relationship, U.S. companies should visit potential partners or agents in Honduras.

Renewable periods for representation and non-exclusive relationships are strongly recommended when drawing up the agent/distributor agreement. After successfully locating prospective intermediaries, U.S. exporters should contact a Honduran lawyer for assistance with key issues such as contract arrangements, taxation, residence permits, and advice on protection of intellectual property. The Embassy Commercial, Economic, and Consular Sections can provide a list of attorneys (see web resources section). A written agreement often avoids later disputes and misunderstandings between the U.S. firm and the local partner. Both of the country's largest chambers of commerce, the Chamber of Commerce and Industry of Tegucigalpa (CCIT) and the Chamber of Commerce and Industry of Cortés (CCIC), have established International Arbitration Centers for alternative dispute resolution.

Exporters of pharmaceuticals, agro-chemicals, food items, animal feeds and medicines are required to register their products before they can be sold in the Honduran marketplace. Pharmaceuticals, food items and medicine-related products must be registered with the Ministry of Health. Agro-chemicals and animal feeds must be registered with the Ministry of Energy, Natural Resources, Environment and Mining.

In compliance with the CAFTA-DR agreement, U.S. firms are no longer required to participate in public tenders through a local authorized agent or representative. In terms of participation in international public bids in general, foreign firms engaged in the execution of construction, design, consulting, and rehabilitation projects are required, under the State Contracting Law, to register provisionally at the Company Registration and Classification Committee of Civil Engineers (CIRCE). Once a contract for a specific



project has been awarded, foreign firms are required to register on a permanent basis with the Honduran Organization of Civil Engineers (CICH). In general, since the time frame between the public bid announcement and the presentation of bids is often short, having a local partner enhances the U.S. firm's ability to prepare a competitive offer.

Selection of the appropriate agent or distributor in Honduras requires time and effort. The U.S. Department of Commerce offers several services to U.S. firms interested in finding a partner or distributor for their product or service. The U.S. Commercial Service (USCS) offers free and intensive one-on-one counseling plus low-cost, highly effective programs to help U.S. businesses establish or expand their foreign markets. The Commercial Section of U.S. Embassy Tegucigalpa can help locate interested, qualified representatives in potential markets in Honduras through its International Partner Search (IPS) service. A U.S. firm may also check the background and reputation of a prospective partner through the International Company Profile Report (ICP). Through its Gold Key Service, the Commercial Section can schedule appointments, arrange translators and make reservations for U.S. businesses searching for partners or customers in Honduras. The IPS and ICP, as well as other valuable services, are also available for a nominal fee through the U.S. Export Assistance Centers (USEACs) of the U.S. Department of Commerce. For additional information on export-related assistance and market information offered by the federal government, U.S. companies may visit [www.export.gov](http://www.export.gov) or call 1-800-USA-TRADE.

## **Establishing an Office**

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Efforts are underway in Honduras to further streamline registration requirements for establishing an office. An important step in this regard has been enactment of a law on simplification of administrative procedures in setting up a company (Article 308 of the Commercial Code, Decree No. 255-2002), as well as the establishment for a "Single Window for Investors" (Investment Protection & Promotion Law 2011). Significant improvements have been made in eliminating a series of long and costly administrative obstacles. According to the World Bank's Doing Business Report, the time required for launching a business in Honduras was reduced from 62 days in 2005 to an average of 14 days in 2014.

In recent years, Honduras has reformed and improved its position of "ease of doing business," particularly in the following major areas: starting a business, dealing with licenses, getting credit, trading across borders, compliance with tax payments, and registering property. One area which still needs further improvements is the efficiency of contract enforcement in Honduras.

As part of an initiative supported by the United Nations Conference on Trade and Development (UNCTAD), Honduras has developed a web-based e-Government System to assist towards business facilitation through transparency, simplification and automation of rules and procedures relating to enterprise creation and operation.

This new electronic tool is administered by the local Investment and Exports Promotion Agency (FIDE), and provides important information on relevant procedures to establish and operate a business in Honduras: <http://honduras.eregulations.org>

Foreign businesses setting up operations in Honduras are subject to the Commercial Code, which recognizes several types of mercantile organizations: individual ownership, general partnership, simple limited partnership, Limited Liability Company (LLC),

corporation and Joint Stock Company. The most common and economically significant legal entities are corporations (*Sociedad Anónima*, or SA) and Limited Liability Companies (*Sociedad de Responsabilidad Limitada*, or SRL). Starting capital for a limited liability company should be no less than 5,000Lempira (L)/ \$230 and include at least two partners at all times. Required starting capital for a stock company or corporation is 25,000L/ \$1,146 and include at least five partners at all times.

An Environmental Impact Assessment, obtained through the Honduran Ministry of Energy, Natural Resources, Environment and Mining, is an important requirement for any project, industrial facility, or other public or private activity that could generate potential harm to the environment, natural resources, or national cultural and historical sites. Additional information for doing business in Honduras, as it pertains to the specific requirements for different sectors of investment, is available through the Honduran Ministry for Economic Development. <http://www.sde.gob.hn>

Honduras stands globally at 138 in the ranking of 189 economies on the ease of starting a business (Source: World Bank Doing Business Report 2015). The following information summarizes the steps involved in setting up a business in Honduras, which were reduced from thirteen (13) in 2013 to twelve (12) procedures in 2014. Thanks to an innovative partnership with the Government of Honduras, some of these twelve (12) steps can be handled by the Chambers of Commerce of Tegucigalpa and Cortés, slightly reducing the time and effort required to establish a business.

1. Procure a certificate of deposit at a local bank; pay the registry fee. Time to complete: 1 day; cost to complete: Lps. 100.00 (US\$4.60)
2. Establish the company before a Notary Public, who will draw up the articles of incorporation. Time to complete: 2 days; cost to complete: notary fees of 5 percent for starting capital up to Lps. 25,000 and 3 percent for starting capital over Lps. 25,000.

Comment: A company may be set up by public subscription or simultaneous foundation. The procedures described here are for simultaneous foundation (*fundación simultánea*). The constitution instrument should be written on stamped paper (*papel sellado*). The notary uses its paper for the protocol (the original signed document in the notary's custody) and for the first copy (*testimonio*) of the instrument of organization.

3. Publish the registration notice in "La Gaceta", the official legal journal, or a widely circulated daily newspaper. Time to complete: 1 day; Cost to complete: \$35/ 764L for advertising in "La Gaceta;" US\$15/ 324L for a local newspaper.
4. File the articles of incorporation with the Mercantile Registry at the Chamber of Commerce. Time to Complete: 2 days.
5. Apply for a tax identification code (Registro Tributario Nacional, RTN) at the Dirección Ejecutiva de Ingresos (DEI). Time to complete: 1 day; Cost to complete: no charge.

Comment: All natural or juridical persons must obtain a RTN. In order to obtain the RTN, the Notary who authorizes the incorporation deed must send a note to the administrative authority informing them of the incorporation.

6. Acquire legal accounting and “minutes” books. Time to complete: 1 day; Cost to complete: US\$45 (about US\$0.5 per page).
7. Register with local and national Chambers of Commerce. Time to complete: 1 day; Cost to complete: no charge.
8. Apply for an operational permit (Permiso de Operación) from municipal authorities. This step can now be conducted directly by the company, without the services of an attorney. Time to complete: 1 day; Approximate cost: Lps. 1,250.00 (US\$58).

*Comment: To obtain the operational permit, it is necessary to fulfill some or all of the following requirements, depending on the type of industrial or commercial activity:*

- a) Copies of the personal identification card and municipality tax solvency of the General Manager;
- b) Copy of the RTN;
- c) Copy of the company’s articles of incorporation (Escritura de constitución)
- d) Copy of the cadastral code (Clave cadastral) corresponding to the place in which the corporation will operate its business;
- e) Zoning record;
- f) Environmental impact assessment;
- g) Tenancy agreement and income tax solvency record of the owner of the place in where the corporation will operate;
- h) Cadastral inspection in the place in which the corporation will operate its business;
- i) Payment of the following taxes (which vary based on the company’s income): nomenclature taxes; zoning tax; inspection tax; code tax; environmental tax; annual fire department and garbage department taxes.

9. Register for sales tax and acquire authorization of the company books. Time to complete: 2 days. Cost to complete: no charge.

*Comment: According to the Tax Code (Código Tributario), corporations are required to file their incorporation instrument and operation permits with the Minister of Finance, in order to pay sales taxes imposed on the sale of goods or services.*

10. \*Register with the Social Security Institute (Instituto Hondureño de Seguridad Social, IHSS). Time to complete: 3 days (simultaneous with step 9); Cost to complete: No charge

*Comment: IHSS is the national social security hospital and patient care institution for company workers and their dependents. Corporations are required to contribute 5 percent of each employee’s salary for illness and maternity (Enfermedad y Maternidad, EM), plus 2 percent for disability, old age and death (Invalidéz, vejez y muerte, IVM).*

11. \*Register with the Professional Training Institute (Instituto Nacional de Formación Profesional, INFOP). Time to complete: 1 day (simultaneous with step 10); Cost to complete: No charge.

*Comment: Employers are required to contribute 1 percent of the company’s total payroll to INFOP.*

12. \*Register with the Social Housing Fund (Régimen de Aportación, (RAP) al Fondo Social de la Vivienda (FOSovi). Time to complete: 1 day (simultaneous with step

11); Cost to complete: No charge.

*Comment: If a corporation has more than 10 employees, it is required to contribute 1.5 percent of each employee's salary.*

Note: Steps marked with an asterisk (\*) may be completed simultaneously.

### **Additional Sources of Information:**

World Bank/Doing Business  
<http://www.doingbusiness.org>

United Nations Conference on Trade and Development  
<http://www.eregulations.org>

Establishing a Business Portal  
<http://honduras.eregulations.org>

Online Business Registrations  
<http://honduras.eregistrations.org>

FIDE-Investment & Exports <http://www.hondurasinfo.hn>

Secretaría de Desarrollo Económico (SDE)  
[www.prohonduras.hn](http://www.prohonduras.hn)

Chamber of Commerce and Industry of Tegucigalpa  
<http://www.ccit.hn>

Chamber of Commerce and Industry of Cortés  
<http://www.ccichonduras.org>

## **Franchising**

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The number of U.S. franchises operating in Honduras has grown rapidly. Over 70 foreign firms now operate in Honduras under franchising agreements. The majority are fast-food and casual restaurants, such as Denny's, Chili's, T.G.I. Friday's, Johnny Rockets, Carl's Jr., Ruby Tuesday, Pizza Hut, Burger King, McDonald's, Wendy's, Subway, Church's Chicken, UNO Chicago Grill, Chester's, Cinnabon, Auntie Anne's Pretzels, Popeye's, Domino's Pizza, Quiznos, Dunkin Donuts/Baskin-Robbins, Little Caesar's and Kentucky Fried Chicken (KFC). Among other foreign businesses operating under franchise agreements are automotive aftermarket services, clothing, movies and entertainment, children's services, cleaning and pest control, health and fitness, electronics, cosmetics and toiletries, business services, convenience stores, dry-cleaning, specialized tutoring, car rental, mailing, and fast-printing. In addition, several major hotel chains have entered the market through either the construction of new facilities or acquisition of existing properties. These include Inter-Continental Hotels Group (InterContinental, Crowne Plaza, and Holiday Inn), Choice Hotels International (Clarion), and Marriott International. Demand in this sector has generally been spurred by local need for fast service, convenient hours and locations, quality products, and most importantly, good customer service.

Franchising in Honduras presents opportunities for growth and expansion of U.S. business. Regional stability and increased investor confidence have contributed directly to the broad availability of U.S. franchises in various economic activities. For franchisers in Honduras, positive market entry factors include availability of suppliers and personnel, absence of trade barriers, and high receptivity to U.S. goods and services (especially if no equivalent local product or service exists). In addition, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) and the Honduran Investment Protection and Promotion Law of 2011 provide for national treatment for most foreign direct investment, guaranteeing foreigners the right to freely establish, acquire, and dispose of interests in business enterprises within constitutional bounds.

Finding the right partner will determine the ultimate success or failure of a franchise venture in Honduras, so potential franchisees must be carefully selected. The most promising candidates are those with proven financial resources who have already established a successful business in the country.

## **Direct Marketing**

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Direct marketing tools are frequently used in Honduras. Among the increasingly common direct advertising channels are cell phone text messaging, email campaigns, online display ads, response-generating newspaper ads, targeted television commercials, outdoor advertising and social media. Printed materials, such as flyers, are typically used by companies with smaller advertising budgets or low brand recognition. The use of other physical marketing materials, such as catalogs and mailers, are more limited due to challenges with the local mail delivery infrastructure.

### **Direct Marketing thru mobile telephony**

Mobile telephony is now in the mix; mobile telephony carriers including the government owned HONDUTEL and the private companies TIGO, and CLARO have increased their promotional programs and advertising in their bid to increase their market share. Number portability entered into effect in 2014, making it easier for customers to switch and increasing the competition to offer better services and content. Companies also use telemarketing services to send ads for their products and services via text messaging.

### **Direct Internet marketing**

Direct marketing through the Internet is growing in the region, although Honduras has a very low percentage of the population with direct access to internet. 2014 estimates are that 18.6% of the total population of Honduras has direct access to internet this data shows a 3% increase from 2012. These numbers do not include the percentage of the population that goes online thru mobile phones and or have access to the web via their places of employment which brings the total of Honduran internet users close to 30%. According to Internet Usage World Statistics, between the years 2000-2012 internet use in Honduras has increase by 49.4%. This new way of direct marketing has caught on in Honduras. The most popular pricing methods for Internet direct marketing in Honduras include Cost Per Thousand Impressions (CPM), Pay Per Click (PPC), and Cost Per Action (CPA).

Social media is also catching on. Social media enterprises like LST and telecom firms such as TIGO and CLARO have become the most popular Honduran firms on Facebook and Twitter. It is estimated that over 500,000 Hondurans have access and use social media sites.

The Law for the Promotion and Protection of Investments (Investment Law; Decree 51-2011) allows foreign investment and joint ventures between national and foreign investors through the execution of contracts whereby the contracting parties may contribute land, capital, services, technology, technical assistance or other assets for the production or marketing of goods and services. Licensing agreements, in which foreign firms are authorized to produce a patented product in exchange for royalty payments, are also guaranteed under the country's regulatory framework for investment. Laws applicable to joint venture and sharing contracts are also contained in Chapter XIII, Title II, and Book IV of the Commercial Code. Joint ventures are commonly established in Honduras to compete for government contracts or in heavily regulated sectors.

Joint venture initiatives offer a wide variety of opportunities for investment and strategic alliances. The Investment Law stipulates that, with few exceptions (some involving special requirements under Public Private Partnership mechanisms), there are no restrictions on the percentage of capital that can be owned by a foreigner. Although no special policy exists to regulate joint ventures, in certain sectors majority control must be in the hands of Honduran nationals. These exceptions include companies that wish to take advantage of the Agrarian Reform Law; wish to obtain commercial fishing rights; are local transportation companies; or seek to operate radio or TV stations. The greatest opportunities for joint ventures are in the industrial, agricultural, tourism, power generation, forestry, construction, and service sectors.

The Honduran Foundation for Investment and Development of Exports (FIDE) supports the development of new export and investment sectors, works with local businesses to strengthen their capacity to attract foreign joint venture partners, and locates appropriate manufacturing facilities for investors. Additional information on FIDE's investment promotion programs is available at <http://www.hondurasinfo.hn>. In addition, the government's official investment promotion arm is coordinated through the Ministry of Economic Development (SDE). Additional information is available at: <http://www.prohonduras.hn>

Licensing of foreigners to practice law, medicine, engineering, and other professions is tightly regulated by national professional organizations. Most bodies have developed procedures for the temporary licensing for foreign professional service.

Except for foreign currency earned by companies operating in free-trade zones and industrial parks, Honduran law dictates that all export foreign exchange earnings be repatriated. The liberalization of Honduras's foreign exchange regime in 2011 made it easier for companies operating in the country to remit dividends and royalties, return capital overseas, and make payments on foreign debt. Foreign exchange authorizations by the Central Bank were eliminated, and foreign debt authorizations take less than 48 hours to obtain. Remittances of dividends and royalties must still be approved by the Central Bank.

**Taxation** is an important issue to consider when investing in Honduras. Except for firms operating in the industrial parks, located in the free tourism zones or under the Temporary Import Regime, income tax is payable on income derived from operations within Honduras. The annual period for computing the tax on taxable income begins on January 1 and ends on December 31 each calendar year. Detailed information on sales, income, municipal and other tax regimes impacting corporate entities is available at: <http://honduras.eregulations.org>.



Honduras is subject to all government procurement provisions contained in the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR). CAFTA-DR eliminated a local requirement that required foreign firms to act through a local agent partner company that was at least 51 percent Honduran-owned. CAFTA-DR requires fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures. Under CAFTA-DR, U.S. suppliers are permitted to bid on procurements covered by the agreement for most Honduran government entities, including most key ministries, on the same basis as Honduran suppliers. The anti-corruption provisions in the agreement require each government to ensure that bribery in matters affecting trade and investment, including in government procurement, is treated as a criminal offense, or is subject to comparable penalties, under local law.

At present, Honduras is not a signatory to the WTO Multilateral Agreement on Government Procurement (GPA).

Foreign companies may appoint a local representative, through a power of attorney, to help them navigate the government procurement. Bids are evaluated based on cost, delivery time, reputation of the firm, technical support, performance in previous contracts and specific aspects related to each particular bid.

Under the Government Contracting Law, all public works contracts over one million Lempiras/ \$45,830 must be offered through public competitive bidding. Public works contracts between 500,000L and one million Lempiras/ \$22,915 and \$45,830 can be offered through private bids. Contracts less than 500,000L/ \$22,915 are exempt from the bidding process. Government purchases and project acquisitions are generally exempted from import duties.

Winning contracts with the Honduran government can be challenging, even for large companies. Some foreign firms have complained of mismanagement, bureaucratic delays, inadequate notification procedures, excessive direct contracting on the part of the government, and lack of transparency in the bidding process. One way in which the Honduran Government has tried to improve transparency and fairness in government procurement, however, is by contracting with the United Nations Development Program (UNDP) to manage procurement for a number of specific projects and state-owned entities.

Since its creation in 2010, the government Public Private Partnership (PPP) Commission (COALIANZA) manages and facilitates the PPP solicitation process. COALIANZA as an entity is still growing and expanding its technical capacity to design and implement bids and the bidding process. Some U.S. companies have complained that COALIANZA has not provided sufficient time to submit required bidding documents and has not been transparent in its procedures. COALIANZA announces bidding opportunities on its website at <http://www.coalianza.gob.hn>. The COALIANZA website advertises large projects in energy, infrastructure, airports, terminals and ports as well as other large-public tenders for the Honduran government.

Efforts to strengthen the country's procurement systems are also underway. In order to facilitate dissemination of public bidding opportunities, the Honduran government established an online Contracting and Procurement Information System in 2005 known as "Hondocompras", which can be accessed at <http://www.hondocompras.gob.hn> and is administered by the State Procurement Agency (ONCAE). As part of ONCAE's State Contracting and Procurement Efficiency Program, Honduras implemented a national

“Standard Bidding Document” in 2007 that is deemed acceptable to multilateral financing entities such as the Inter-American Development Bank (IADB) and the World Bank. It improved several aspects of the government procurement process. Local government tender announcements and other pre-qualified trade opportunities may also be accessed through the Trade Leads Program database of the U.S. Department of Commerce at <http://www.export.gov>, as well as through the U.S. Department of State’s Business Information Database System (BIDS) at <http://www.bids.state.gov>.

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank (<http://export.gov/worldbank>) and to the Inter-American Development Bank (<http://export.gov/idb>).

The U.S. Embassy in Tegucigalpa strongly encourages all U.S. firms interested in government procurement or PPP opportunities to reach out to the Embassy’s Commercial and Economic sections prior to pursuing any procurement process with the Government of Honduras.

## **Distribution and Sales Channels**

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Distribution channels in Honduras are similar to those in the U.S., although Honduras has fewer levels of distribution and a more limited number of specialty, chain, and department stores. New construction in retail centers like large shopping malls and strip malls, as well as the expansion of established retail stores in urban areas, are a good indicator of opportunities in the retail distribution sector in Honduras.

Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. Puerto Cortés, the largest deep water port in Central America, is the most active logistics center in Honduras. Honduras has a 13,603 kilometers (km) official road network connecting the ports and airports with the secondary cities and rural areas of the country.

The local market has been traditionally highly receptive to U.S. products and services. To increase the success of a solid market penetration, U.S. exporters should consider establishing a relationship with a local partner, agent or even open a regional sales office. U.S. firms will find that, in most cases, securing a single distributor or representative is sufficient to cover the entire Honduran territory.

Representatives and distributors tend to carry broad lines of goods on a non-exclusive basis. The number of full-service local distributors that stock large inventories of parts and equipment are limited. Many local buyers make direct contacts with U.S. suppliers at the factory or warehouse level. Store owners often buy goods in small lots from export brokers, or they buy from wholesalers in the US, particularly in Miami, New Orleans and Houston.



## **Express Delivery**

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The reliability of express delivery firms within Honduras is adequate. Express shipping and door-to-door service takes approximately 2-3 business days. It is important to consult with an international freight forwarder to determine the best method of shipping specific products and handle the required documentation. The cost of the shipment, delivery schedule, and accessibility to the shipped product by the Honduran buyer are all factors to consider. U.S. companies also need to familiarize with customs regulations prior to exporting. Certificates of origin and all other relevant documentation must be precise because slight discrepancies or omissions may prevent merchandise from being exported or result in significant delays at customs points in Honduras. U.S. exporters must correctly pack, label, document, and insure all merchandise.

## **Selling Factors/Techniques**

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When selling in Honduras, U.S. exporters must take into account that for marketing purposes, the country is divided into two regions; the North Coast, which includes San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located. Large importers and distributors in Honduras usually have offices in both cities to take advantage of market opportunities.

Price is among the most important selling factors in Honduras. Consumer product categories such as electronics, appliances, automobiles, and food are highly competitive. In these cases, sales promotion and customer service efforts by U.S. companies are extremely beneficial. Sales and promotional materials should be in Spanish. U.S. products are often preferred based on quality, technology, reliability, and availability. Adapting products and sales materials to Spanish and the local culture is also an important factor for remaining competitive.

Importers-distributors, as well as Honduran government agencies, often have problems in securing the funds to purchase imports due to high local interest rates which are generally offered only for short-term loans. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chances of gaining market share. This is particularly true for large-scale projects. It is important to emphasize, however, that international firms must exercise due caution when granting credit to Honduran trading partners. Firms should take care to investigate the creditworthiness and reputation of potential partners. For background and credit check information on prospective Honduran partners, the U.S. Commercial Service office in Tegucigalpa offers the International Company Profile (ICP) service. For more information about the ICP and other services, U.S. exporters may visit <http://www.export.gov> or call 1-800- USA-TRADE.

As in most Latin American countries, a good personal relationship with prospective customers is essential for penetrating the Honduran marketplace. While it may take longer to develop a business relationship than is customary in the U.S., the investment in time can pay off in long-lasting and mutually profitable relationships.

## **Electronic Commerce**

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E-commerce in Honduras is largely at early stages of development and not yet widely used. Its true potential has eluded the most experienced national retailers or service providers. The very few local entrepreneurs and SME's that employ it have yet to stand

out significantly in the local market because of it. The lack of knowledge and tools to create, drive and maintain a solid e-commerce structure is the main challenge. In 2014, internet connectivity was estimated at 1.8 million users, representing approximately 19 percent of the total population.

Under CAFTA-DR, the parties recognize the economic growth and opportunity that e-commerce provides, the importance of avoiding barriers to its use and development, and the applicability of World Trade Organization (WTO) rules to measures affecting e-commerce. Honduras has committed to provide non-discriminatory treatment of digital products and not to impose customs duties, fees, or other charges in connection with the import/export of digital products by electronic transmission.

Some examples of successful e-commerce implementation in Honduras are as follows:

#### **B2B (Business-to-Business)**

Some regional low-cost retailers have established a successful B2B e-Commerce structure in which companies both large and small can register to become suppliers and manage transactions with the retailer.

<https://www.b2bwalmartca.com/portal/secure/login.aspx>

#### **B2C (Business to Consumer)**

Banking institutions are a good example of well-established B2C structures offering online transaction services at the Personal, Corporate and SME level.

[http://www.bancatlán.hn/banca\\_personas/tecnobanca/online.html](http://www.bancatlán.hn/banca_personas/tecnobanca/online.html)

#### **C2C (Consumer-to-Consumer)**

Some local Newspapers provide a popular C2C classifieds forum where users can buy or sell goods and services online.

<http://www.elheraldo.hn/Otras-Secciones/Clasificados>

#### **G2B (Government to Business)**

Executive Decree 0102005 enacted in October 2005, establishes the information system of contracting and acquisitions of the State of Honduras, "HondusCompras," which is the only means by which procurement information is disseminated and managed through the Internet.

<http://www.honduscompras.gob.hn>

### **Trade Promotion and Advertising**

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Most advertising in Honduras is conducted through newspaper, TV, and radio. Billboards are also a strong medium for reaching customers and publicity campaigns, especially in the main urban areas. U.S.-style unipole (advertising sign) structures are common in the local market, especially for those companies interested in increasing brand awareness or launching a new product. A number of advertising agencies are available to guide companies through the process of developing promotional activities and choosing the most appropriate media strategy. A list of broadcast media (television and radio) contacts can be provided upon request.

In addition to television and radio advertising, Honduran newspapers are considered to be one of the leading advertising instruments in the local market for products and services. Many of these media groups also circulate online and advertising via "online

banners” on social media sites is very popular. There are not a wide variety of specialized industry publications. Major local newspapers and business journals include:

### **Honduran Newspapers**

#### ***Diario El Herald***

Spanish/Daily  
Executive Director: Carlos Mauricio Flores  
P.O. Box 1938  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2236-6000  
Fax: (504) 2221-0778  
<http://www.elheraldo.hn>

#### ***Diario La Tribuna***

Spanish/Daily  
Manager: Manuel Acosta Medina  
P.O. Box 1501  
Comayaguela, M.D.C., Honduras  
Tel: (504) 2234-3006  
Fax: (504) 2234-3050  
<Http://www.latribuna.hn>

#### ***Diario La Prensa***

Spanish/Daily  
Director: Maria Antonia de Fuentes  
P.O. Box 143  
San Pedro Sula, Honduras  
Tel: (504) 2553-3101  
Fax: (504) 2553-0778  
<Http://www.laprensahn.com>

#### ***Diario El Tiempo***

Spanish/Daily  
Manager: Carlos Rosenthal  
P.O. Box 450  
San Pedro Sula, Honduras  
Tel: (504) 2553-3388  
Fax: (504) 2553-4590  
<Http://www.tiempo.hn>

### **Honduran Business Journals**

#### ***Hablemos Claro Financiera***

Spanish/Monthly  
Address: Edificio Torre Libertad  
Blvd. Suyapa Col. Florencia Sur  
Tegucigalpa, Honduras  
Tel: (504) 2239-4350 / 2239-8058; Fax: (504) 2239-7008  
Email: [anuncios@hablemosclaro.com](mailto:anuncios@hablemosclaro.com)  
<Http://www.hcfinanciera.com>

### **Regional Business Journals**

#### ***Estrategia & Negocios***

Spanish/Monthly  
General Editor: Laura Ramos  
Address: Edif. La Prensa  
3ra Ave., 607 Calle, NO  
San Pedro Sula, Honduras  
Tel: 2269-2211  
E-mail: [laura.ramos@grupoeyn.com](mailto:laura.ramos@grupoeyn.com)  
<Http://www.estrategiaynegocios.net>

#### ***Mercados Y Tendencias***

Spanish/Monthly  
Country Manager: Ligia Illescas  
Edif. Centro de Negocios Las Lomas  
Tegucigalpa, Honduras  
Tel: (504) 2280-1177  
E-mail: [info@revistamyt.com](mailto:info@revistamyt.com)  
<Http://www.grupocerca.com>  
<http://www.revistamyt.com>

### **Honduran Online Newspapers**

#### ***Hondudiar***

Executive Director: Arístides Aceituno  
Address: Col. Palmira, Ave. República de México, #2449

Tegucigalpa, Honduras  
Tel: (504) 2221-0385; (504) 2221-1039  
E-mail: [hondudiario@hondudiariohn.com](mailto:hondudiario@hondudiariohn.com)  
[Http://www.hondudiario.com](http://www.hondudiario.com)

### ***Proceso Digital***

Director: Marlen Perdomo de Zelaya  
<http://www.proceso.hn>

**Honduras Weekly** Chief: Nicole Muñoz  
<http://www.hondurasweekly.com>

### **Trade Promotion:**

In addition to the export promotion programs of the Department of Commerce, the U.S. Commercial Service (USCS) in Tegucigalpa can assist U.S. companies through trade missions, seminars, conferences, catalog shows, on-line services, and matchmaking events. These programs are conducted periodically on a cost-recovery basis with pre-approved budgets.

There are a limited number of privately organized trade promotion events in Honduras. Most local trade exhibits are organized by the Foundation for Investment and Development of Exports (FIDE), in cooperation with a specific industry sponsor, as well as by the Chamber of Commerce of Cortés (CCIC), the Chamber of Commerce of Tegucigalpa (CCIT), and local industry associations.

Located in the city of San Pedro Sula, Expocentro is the biggest local trade exhibit center. Expocentro holds approximately 12 trade shows a year. For more information on trade fairs taking place at Expocentro, please contact:

### ***Expocentro***

Contact: Mariela Guzmán, Manager  
Address: Bo. Las Brisas, 22 y 24 Calle, 1 y 4 Ave.,  
N.E. P.O. Box 14, San Pedro Sula, Cortés, Honduras  
Tel: (504) 2561-6100  
E-mail: [expocentro@ccichonduras.org](mailto:expocentro@ccichonduras.org)  
<http://www.ccichonduras.org/website/>

Another trade promotion opportunity available for U.S. exporters interested in exploring the Honduran market, but still uncertain on how to promote their products locally, is the U.S. Commercial Service's Featured U.S. Exporter Service (FUSE). It provides U.S. companies with a high-volume, local language promotion. Additional information on the FUSE program is available at: <http://www.export.gov/fuse>.

## **Pricing**

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U.S. exporters should keep in mind the relatively small size of the Honduran market and the high elasticity of demand for consumer products when devising marketing strategies. Price is one of the most important factors in Honduran buying behavior. In

many cases, Honduran businesspeople buy directly from abroad if they feel that the cost of imports available in the local market is too high. U.S. exporters should carefully analyze both consumer and wholesale costs when making pricing decisions.

Price escalation represents another important consideration in terms of export retail pricing. Products imported into Honduras are usually priced based on the cost, insurance and freight value, import duties, in-country transportation costs, and distributor margins.

The Honduran government controls the prices for coffee, medicine, cement, and steel products and regulates the prices of gasoline, diesel, and liquid propane gas. In addition, the government pressures producers and retailers to keep prices of staple food products such as milk and sugar as low as possible.

The local sales tax is 15 percent for most goods. As of June 2015, products exempted from the 15 percent tax include staple foods, purified water, medicines and pharmaceuticals, agrochemicals, educational materials, electrical power generation machinery and equipment, agricultural machinery and tools, handicrafts, capital goods such as trucks, tractors, cranes, computers, and equipment used for the maquiladora industry. A 15 percent sales tax is also assessed on new cars, alcohol, cigarettes, and tobacco products. Taxes on fuels, particularly gasoline, are among the highest in the Central American region.

Services exempt from the sales tax include utilities (electrical power and potable water), educational services, professional fees (legal, accounting, engineering, etc.), clinical and medical services, land transportation services, banking, insurance and financial services. Tourism services are subject to a 4 percent tax, with air transportation subject to a 10 percent tax.

## **Sales Service/Customer Support**

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The availability of adequate service and support frequently makes the difference in purchasing decisions, especially by the government. In general, it is important to secure sales through an established, reputable distributor that offers an adequate service infrastructure. U.S. companies should consider providing training, technical assistance, and sales support to their local counterparts, particularly for products that require periodic maintenance and service.

## **Protecting Your Intellectual Property**

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### **Introduction**

Several general principles are important for effective management of intellectual property (“IP”) rights in Honduras. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Honduras than in the United States. Third, rights must be registered and enforced in Honduras, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Honduras. There is no such thing as an “international copyright” that will automatically

protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents registering are generally is based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Honduran market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Honduras. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Honduras law. The U.S. Commercial Service can provide a list of local lawyers upon request.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Honduras require constant attention. Work with legal counsel familiar with Honduras laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both in Honduras or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

## IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the "Resources" section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: [www.stopfakes.gov/businesss-tools/country-ipr-toolkits](http://www.stopfakes.gov/businesss-tools/country-ipr-toolkits). The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. Contact information for the IP attaché who covers Central America is as follows: Michael G. Lewis (based in Mexico), E-mail: [michael.lewis@trade.gov](mailto:michael.lewis@trade.gov); <http://www.uspto.gov/ip/global/attache/index.jsp>

## IPR Climate in Honduras

- The protection of intellectual property rights (IPR) is under the jurisdiction of the Honduran Property Institute (IP). The General Directorate of Intellectual Property (DIGEPIH) division (<http://www.digepih.webs.com>) handles the registration of patents, trademarks, and copyrights, as well as any complaints regarding their infringement.
- Honduras does not appear on the United States Trade Representative (USTR) Special 301 Watch List for countries that deny adequate and effective protection of intellectual property rights or deny fair and equitable market access to U.S. persons who rely on IP protection. Honduras has IPR legislation that is largely in compliance with the Trade Related Aspects of Intellectual Property Rights (TRIPS) and fully compliant with CAFTA-DR. Although the government has made steps to improve its enforcement capacity and achieved successes in



confiscations, IPR enforcement remains weak due to lack of financial and human resources dedicated to IPR enforcement efforts within the Public Ministry's IPR Prosecutor's Office. In light of these constraints, the IP and Special IPR Prosecutor coordinate to attract training, capacity building, and technical assistance support from the U.S. government and the International Intellectual Property Organization.

- To be protected under Honduran law, patents and trademarks must be registered with the IP. The life of patents ranges from 10 to 20 years, depending on the importance of the invention. Trademarks are valid up to 10 years from the registration date. "Notorious" or well-known trademarks are protected under the Pan American Convention (1917), to which Honduras is a party. Illegal registration of a well-known trademark, however, must be contested in court (see Section VII. G) This regulation favors first registration over first use, and numerous cases have arisen of "squatting" on established trademarks, which the legitimate holder must then either purchase or contest in court. Data protection is provided for five years. Honduras also offers process patent protection.
- Honduras's IPR protection regime conforms with -- and in many areas exceeds -- WTO norms. CAFTA-DR obligations also provide stronger deterrence to piracy and counterfeiting by criminalizing end-user piracy and requiring Honduras to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. CAFTA-DR text also mandates both statutory and actual damages for copyright and trademark infringement, which would ensure that monetary damages could be awarded even when it is difficult to assign a monetary value to the violation. Finally, under CAFTA-DR, prosecutors are able to confiscate pirated goods and file IP cases ex-officio, or on their own initiative, without first requiring the affected company to file a criminal complaint. However, in practice a company complaint is still needed to begin legal proceedings.

Additional information on IPR Protection in Honduras is available through the State Department's Investment Climate Statement 2015.

## **Due Diligence**

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U.S. companies should conduct legal and financial due diligence before completing a commercial transaction or formalizing any agreement. Performing due diligence in Honduras, as in most of Central America, can be time-consuming and difficult. There are very few sources of independently verifiable information about companies and individuals. There are no publicly listed Honduran companies and Honduran firms rarely publish information about their officers, sales or financial information. Most companies are sole proprietorships and partnerships, and business generally is conducted based upon personal reputation and contacts.

Companies should request bank and trade references from potential agents and customers. The U.S. Department of Commerce in Honduras can assist your company in collecting information on Honduran companies through the International Company Profile (ICP) service, which can be ordered through any



U.S. Office of the U.S. Commercial Service (U.S. Export Assistance Centers). Find your USEAC at <http://www.export.gov>, or visit <http://www.export.gov/honduras/>.

Companies should also consult with their own U.S. banks for information on Honduran banks, most of which have correspondent banking relationships with financial institutions in the South and the East Coast.

## Local Professional Services

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Selecting a competent and reliable local attorney is an important first step to doing business in Honduras. The advice and counsel of a local attorney is essential to opening a business and to understanding Honduran judicial and administrative systems. The Economic/Commercial and Consular Sections maintain a list of attorneys that have experience assisting U.S. firms.

Information on legal firms and other local Business Service Providers in Honduras is available at: <http://export.gov/honduras/businessserviceproviders/index.asp>

The Embassy assumes no responsibility for the professional ability, reputation, or the quality of services provided by the lawyers on the list.

## Web Resources

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U.S. Commercial Service	<a href="http://www.export.gov/honduras">http://www.export.gov/honduras</a>
U.S. Embassy Consular Section	<a href="http://honduras.usembassy.gov">http://honduras.usembassy.gov</a>
FIDE	<a href="http://www.hondurasinfo.hn/">http://www.hondurasinfo.hn/</a>
World Bank	<a href="http://www.worldbank.org/DoingBusiness">http://www.worldbank.org/DoingBusiness</a>
Ministry of Economic Development	<a href="http://www.prohonduras.hn">http://www.prohonduras.hn</a>
Ministry of Natural Resources	<a href="http://www.serna.gob.hn/">http://www.serna.gob.hn/</a>
Customs & Tax Directorate	<a href="http://www.dei.gob.hn">http://www.dei.gob.hn</a>
Social Security Institute	<a href="http://www.ihss.hn">http://www.ihss.hn</a>
National Vocational Training Institute	<a href="http://www.infop.hn">http://www.infop.hn</a>
Chamber of Commerce of Tegucigalpa	<a href="http://www.ccit.hn">http://www.ccit.hn</a>
Chamber of Commerce of Cortes	<a href="http://www.ccichonduras.org">http://www.ccichonduras.org</a>
Expocentro	<a href="http://www.ccichonduras.org">http://www.ccichonduras.org</a>
Government Procurement	<a href="http://www.honducompras.gob.hn">http://www.honducompras.gob.hn</a>
General Directorate of IPR	<a href="http://www.digepi.gob.hn">http://www.digepi.gob.hn</a>
World Intellectual Property Org (WIPO)	<a href="http://www.wipo.org">http://www.wipo.org</a>
World Trade Organization	<a href="http://www.wto.org">http://www.wto.org</a>
Honduran Central Bank	<a href="http://www.bch.hn">http://www.bch.hn</a>
Commercial Liaison Office to the World Bank	<a href="http://export.gov/worldbank">http://export.gov/worldbank</a>
Commercial Liaison Office to the Inter-American Development Bank	<a href="http://export.gov/idb">http://export.gov/idb</a>

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## Chapter 4: Leading Sectors for U.S. Export and Investment

### **Commercial Sectors**

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## Safety & Security Equipment

### Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	161,392,702	150,498,694	155,766,148	161,217,964
Total Local Production	80,431,934	75,203,858	77,835,993	80,560,252
Total Exports	1,012,853	865,101	895,379	926,717
Total Imports	164,433,933	153,687,643	159,066,710	164,634,045
Imports from the U.S.	15,533,557	14,485,041	14,992,017	15,516,738
Exchange Rate: 1 USD	LPS. 20.31	LPS.21.51	LPS.21.82	LPS 22.00

(The above statistics are unofficial estimates – Central American Economic Integration Secretariat, SIECA)

The demand for safety and security equipment in the country is at an all-time high as crime is widespread in Honduras, especially in urban areas. Poverty and unemployment, along with significant street gang and drug trafficking activity, have contributed to the extremely high crime rate. In January 2012, the Peace Corps suspended its program in order to review the safety and security of its volunteers. Political demonstrations occur frequently in the major cities of Honduras. During demonstrations, protestors frequently block public roads to press their political views or to seek concessions from the Honduran government. The Honduras police have been known to use tear gas, water cannons, or rubber bullets to disperse demonstrators.

According to the United Nations, Honduras has among the highest per capita homicide rates in the world, with 86 homicides for every 100,000 inhabitants. Although crime and violent crime occurs in all parts of Honduras, the north coast and central portions of the country have historically had the country's highest crime rates. Copan, Roatan/Bay Islands, and other tourist destinations have a lower crime rate than other parts of the country.

In June of 2011 the government instituted a controversial security tax, which in essence is a special tariff applied to financial transactions by which the collected revenues will be destined to strengthen national security projects. In 2014 this tax generated over \$90 million USD. These funds were distributed as follows: 44% Defense Secretariat, 27% Security Secretariat, 16% to the National Investigation and Intelligence Directorate and the rest was distributed among several other prevention and judicial programs.

U.S. firms should plan their market entry very carefully. Given its strategic location and boasting the largest maritime port in the region, Honduras is an important gateway for U.S. exports entering the Central American market.

Decisive factors in the purchasing of safety & security equipment in Honduras are price, quality, estimated delivery times and terms of credit. This trend puts Asian manufactured goods at the forefront of the market. However in recent years importers have begun looking for other supply channels in the U.S. and Europe, as the need for more reliable, robust and

smarter systems have become a necessity. Personalized service is paramount as the evolving market demands a higher technical knowledge of the industry in order to better approach the end users in the private and public sectors with new technologies, smarter and more efficient products.

A significant advantage for U.S. exporters exists in the positive perception of U.S. manufactured goods and the relatively close proximity between both countries. Communication and information sharing becomes another critical factor as the Honduran business community traditionally prefers to establish a level of personal relationship with their suppliers.

It is critical for a successful U.S. supplier to familiarize themselves with the dynamics of doing business in Honduras as it will vary from the other countries in Central America. Despite its smaller economy, Honduras has two major commercial centers: Tegucigalpa, the capital city and San Pedro Sula, known as the industrial capital of the country. In choosing to enter this market the selection of a representative or licensed distributor with the capacity and experience to operate in both these regions is instrumental in securing a solid market share.

The Honduran government has been investing heavily in upgrading national security assets and institutions. In 2013 and 2014 the Honduran armed forces purchased large quantities of tactical equipment for the Honduran national army, the newly formed military police and their specialized tactical units. There is limited demand for safety and security services by the private sector; however some opportunities may exist for U.S. companies looking to approach government security agencies and the Honduran military.

The security market in Honduras is highly competitive as demand for security services grows in the region. Currently there are 50 companies registered with the Honduran Security Service Providers' Association, employing approximately 20,000 people. However majority of providers can be found in the informal sector and are not licensed or trained; they provide mostly residential monitoring services. The Honduran Security Service Providers' Association is working hand in hand with the Honduran National Congress to regulate the informal market and bring these unlicensed operators to comply with a national regulatory standard for the industry. Current statistics place the ratio of private security guards to national police officers at 10-1.

Professional companies operating in Honduras provide mainly prevention, monitoring and secure transport services, as well as distribute surveillance and general safety equipment. Personal security is a growing industry subset and currently the need for highly trained personnel as well as equipment is expanding. Major importers to Honduras are Israel, Mexico, Brazil and the United States.

The state owned company "LA ARMERIA" is currently the only licensed distributor of commercial firearms in Honduras. A small number of retailers in Tegucigalpa and San Pedro Sula distribute tactical gear, personal defense products and accessories.

#### **Sub-Sector Best Prospects**

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- CCTV Cameras
- Metal Detectors
- Uniforms & Tactical Gear

- Biometric Products, Equipment & Software
- Access control systems
- Commercial Personal Defense Products
- Alarms

## Opportunities

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- Close proximity to the United States. Containerized cargo from gateway cities can be transported to Honduras in two to three days.
- Importers strongly prefer U.S. equipment because of their high-quality and reliability.

## Web Resources

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Honduran Security Tax Commission - <http://tasadeseguridad.hn/>

Honduran National Defense Secretariat - <http://www.sedena.gob.hn/>

ASEMSIPH – Honduran Security Services Providers' Association  
 asemsiph@yahoo.com; asemsiphn@asemsiphn.com

The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

SHOT SHOW 2015: January 19–22 - Las Vegas, NV - [shotshow.org](http://shotshow.org)

## Packaging Equipment

### Overview

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Unit: USD thousands

	2013	2014	2015 (estimated)	2016 (estimated)
Total Market Size	357,614,663	374,459,367	430,835,001	472,918,501
Total Local Production	109,500,447	124,420,367	143,083,422	157,391,764
Total Exports	106,652,278	164,515,793	189,193,162	208,112,478
Total Imports	354,766,494	414,734,557	476,944,741	524,639,215
Imports from the U.S.	108,125,890	124,420,367	143,083,422	157,391,764
Exchange Rate: 1 USD	LPS. 20.31	LPS.21.51	LPS.21.82	LPS 22.00

(The above statistics are unofficial estimates – Central American Economic Integration Secretariat, SIECA)

The packaging materials and equipment industry in Honduras has presented positive growth over the last four years.

Despite the conservative growth presented in other local industry sectors, Honduras has developed a substantial increase in the packaging manufacturing market with a dynamic mix of local and international companies fabricating their products in different regions of

Honduras. Local packaging manufacturing has become an effective way to cut down on shipping costs that have a negative impact on the median price range of certain products. Additionally there have been numerous carton manufacturers establishing operations in Honduras due to the elevated shipping cost of this particular material.

61% of the packaging market is represented by the carton industry in Honduras and its imports represent 51% of the total market.

Decisive purchasing factors for packaging materials are price, quality and estimated delivery times, as well as credit terms. However multinational operators prefer quality before price.

In Honduras the majority of the market competitors are manufacturing polyethylene and polypropylene containers as well as carton. Plastic laminates are sold mostly by foreign suppliers since Honduras lacks the scale economy to ensure sustainability, due to the elevated costs of the machinery involved in its manufacturing. The customs temporary import regimen is slowly allowing the market to further develop capacity by making it accessible to introduce high end and specialized equipment into the country.

Promotion strategies focus on direct sales for this sector. The majority of producers are highly educated with rudimentary knowledge of the production process and marketing is limited to sample offers and retail displays.

Honduras reported exporting 8,767 metric tons of plastic to Central America and the world in 2013, an increase of 7% from the previous year and 14% from 2010.

According to a report from the Ministry of Economic Development (SDE), Honduras sells over 4,000 tons of cardboard packaging to Central America, making the country one of the largest manufacturers of cardboard containers in the region.

Carton and plastics producers are the largest importers of packaging materials and equipment in Honduras. The textile industry, food processing and agricultural exporters are the main consumers. Specialized packaging for the cosmetics, pharmaceutical, and chemical manufacturing industries in Honduras is mostly imported from Mexico, China, Colombia the United States and Guatemala.

Costa Rica remains the main buyer of Honduran carton, mainly in vessels and conventional cardboard boxes, followed by Guatemala, Nicaragua, El Salvador and Panama. The SIC also reported that there are 7 enterprises engaged in the activity, located mainly in the northern sector of the country.

### **Sub-Sector Best Prospects**

- Sealing machines
- Container labeling machines
- Lid, seal & close machinery
- Packaging and wrapping machinery
- Parts and service
- Sanitation control equipment and materials

## Opportunities

- Close proximity to the United States. Containerized cargo from gateway cities can be transported to Honduras in two to three days.
- Importers strongly prefer U.S. equipment because of its high-quality and reliability.

## Web Resources

Foreign Agricultural Service	<a href="http://www.fas.usda.gov">www.fas.usda.gov</a>
Packaging Machinery Manufacturers Institute PMMI	<a href="http://www.pmmi.org/">www.pmmi.org/</a>
Honduran Foundation for Investment and Exports FIDE	<a href="http://www.hondurasinfo.hn">www.hondurasinfo.hn</a>

The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

PACKEXPO 2015: September 28-30, 2015, Las Vegas, NV  
[www.packexpolasvegas.com](http://www.packexpolasvegas.com)

## Franchising

### Overview

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Despite several years of continuous growth, the popularity of franchise business concepts continues in Honduras, especially in the fast food, quick service, and casual dining sectors. The franchising concept in Honduras dates back to the late 1980's, with the establishment of Pizza Hut. Honduras' population is estimated at 8.8 million, with Tegucigalpa, the capital, at 1,899,457 and San Pedro Sula, the country's main business center, at 1,600,000 inhabitants. Population density in urban areas indicates that franchising will continue expanding into new business sectors. Honduras has over 75 international franchises concentrated throughout these two main cities.

No official figures on the franchise sector are available, and the industry has not formed an association. With a dominant share from U.S. franchises, the Honduran market is expected to grow at 10 percent per year over the next 3 years. Prospective new franchising entrants are encouraged to pay close attention to intellectual property, financial, and taxation aspects of doing business in Honduras. Both U.S. companies and potential franchisees engaging in this type of investment should also: conduct extensive market research; commit to building a sound, long-term business plan; allow enough flexibility to adjust the existing business model to accommodate local cultural differences; have a legally bound franchise agreement, detailed operations manuals, good training program; and, work out a development schedule for master licenses that is realistic to the Honduran market.

## Sub-Sector Best Prospects

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In addition to the food/beverage and casual dining sub-sector, demand for convenience hotels/motels/resorts and entertainment services from Honduran consumers is growing rapidly. These services include dry cleaning, pest control, day care learning centers, specialized tutoring, security, advertising, real estate, discount stores, convenience store/pharmacy, personal care, cosmetics and toiletries, and casual clothing/retail. U.S. franchises tend to have high brand recognition among the general public and may be well received.

## Opportunities

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Market developments involving tourism, commercial construction, and social infrastructure projects should create excellent prospects for U.S. franchises interested in exploring the Honduran market. A good indicator of potential opportunities in the franchising sector is the country's emphasis on supporting tourism development as a key cluster for economic growth. As one of the fastest growing industries in Honduras, tourism is diversifying its products to attract more visitors. Investments in high growth tourism areas, such as the Bay Islands, Tela, La Ceiba, and Copán Ruins, are expected to bring franchise concept opportunities in connection with the establishment of hotels, restaurants, and beach resorts. Urban modernization and a highly consumer-oriented society have encouraged investments in large shopping malls and retail outlets throughout the country's largest cities (Tegucigalpa, San Pedro Sula, and La Ceiba), providing additional opportunities for securing strategically located franchise outlets.

There is no special franchise legislation in Honduras. Franchise companies are subject to normal trade laws such as paying a 25% tax on royalties and a value-added tax of 15 percent.

When Central American investors consider a franchise concept, they look for reputable franchisors with a worldwide presence and solid acceptance in other markets, able to provide extensive training and start-up support. Local investors also look for recognizable trademarks, as local consumers consider recognizable U.S. trademarks as high quality articles. Potential franchisees are usually young, wealthy executives familiar with the U.S. and other countries or large corporations that already own more than one franchise in different industry sectors, such as fast food.

## Web Resources

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Ministry of Economic Development  
CAFTA-DR Website  
International Franchise Expo

<http://www.prohonduras.hn>  
<http://www.export.gov/cafta>  
<http://www.ifeinfo.com>

**Franchising Trade Mission to Central America (September 201-25, 2015)**

International Franchise Association

<http://www.franchise.org>



## Travel and Tourism Services

### Overview

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	Trends in Arrivals			
	2013	2014	2015 (est.)	2016 (estimated)
Honduran Arrivals to the United States	138,719	152,967	171,323	191,882
Percent Change	6%	10.3%	12%	12%

(Source: National Travel and Tourism Office - NTTO).

International travel and tourism represents the largest services sector export for the United States, generating more than \$165.6 billion (international spending) and supporting nearly 1.1 million jobs. In 2014, the Central America region posted record level visits to the U.S., which represented a 12 percent increase over the previous year. Honduras is among the top 50 countries generating travel to the United States, and 17% of arrivals from Central America are Honduran. Despite strict visa requirements, the close proximity of the United States (only a 2.5 hour flight to U.S. main gateway cities) and the high receptivity for U.S. products and services make the United States a preferred destination for Honduran travelers. With a population of 8.8 million, the country's economic growth in recent years has the potential to prompt more middle-class travelers to the United States. In 2014, Honduran arrivals in the United States totaled 152,967, up over 10 percent from 2013. Shopping is the leading activity for Honduran travelers to the U.S. Industry contacts foresee an upward trend for inbound travel from Honduras, with opportunities involving leisure, visiting friends and relatives and business/convention travelers for the period 2015-2018.

### Sub-Sector Best Prospects

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When Hondurans travel to the United States, they focus their spending on:

- Shopping malls and outlets/retail
- Hotels/motels/restaurants
- Transportation services (airlines, vehicle rentals, bus and rail between cities)
- Entertainment/recreational activities/services (sightseeing; theme parks; small towns/countryside; national parks/monuments; museums; night clubs; sports)
- Business/conventions (conferences, seminars, trade shows)
- Hospitals/clinics/medical services

## Opportunities

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The most popular destinations for Honduran visitors in the United States are: Miami, New York, Orlando, Los Angeles, and Las Vegas. Washington, DC, New Orleans, Chicago, Atlanta, and Houston are popular secondary destinations. Florida is the preferred choice for leisure travel by Hondurans, with over 55% of the market share. The top activities that Hondurans engage in while in the U.S. are shopping, sightseeing, fine dining, amusement/theme parks, small towns/countryside, and national parks/monuments.

Among the purchases of travel and tourism-related goods and services by Honduran visitors traveling to the U.S. are food, lodging, recreation, gifts, entertainment, and local transportation. The typical visitor to the U.S. has visited at least once before. The high season for Honduran travel to the U.S. is June-August because of school holidays. Shorter trips during national holidays are also very popular.

U.S. Department of Commerce (USDOC) 2013 (NTTO) statistics show that 46% of total inbound trips from Central Americans are for vacation/holidays, followed by visits to friends and relatives (24%), business/professional (17%), and convention/conference/trade show attendance (8%). Companies and professionals are learning new techniques and strategies to become more competitive and, therefore, professionals and businesspeople are increasingly attending U.S. trade shows, conventions, and seminars. USDOC visitation estimates are 14.9 nights for the average length of stay in the U.S., and 1.2 states visited. Industry sources estimate that the greatest proportion of Honduran visitors are in the age groups of 35-44, married and professional, followed by the age groups of 25-34, and 15-24 years of age. Most frequently used information sources for trip planning are: airlines directly (51%), online travel agency (29%); personal recommendation (21%); national/state/city travel office (17%); and, corporate travel department (9%).

## Web Resources

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USDOC/ITA Office of Travel & Tourism  
U.S. Travel Association

<http://travel.trade.gov>  
<http://www.ustravel.org>;  
<http://www.discoveramerica.com>  
<http://www.wttc.org>  
<http://www.thebrandusa.com>

World Travel & Tourism Council  
Brand USA

## Trade Events

IPW 2016

<http://www.ipw.com>

## Automotive Parts and Service Equipment

### Overview

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Data in USD Millions				
	2013	2014	2015 (estimated)	2016 (est.)
Total Market Size	343.4	378.4	416.9	458.6
Total Local Production	n/a	n/a	n/a	n/a
Total Exports	39.7	44.0	48.4	53.2
Total Imports	383.2	422.0	578.6	636.46
Imports from the U.S.	150.5	165.0	174.9	192.4
Exchange Rate: 1 USD	L. 20.31	L. 20.92	L. 21.80	L. 21.82

(The above statistics are unofficial estimates – SIECA)

Market demand for U.S. products in the automotive parts and service equipment sector looks promising, with an expected growth rate of 10 percent over the next three years. An aging car population continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70% of the total vehicle population, registered at over 1.3 million units in 2014, is at least 5 years old and in need of repair. According to industry sources, the global slowdown has reached Honduras, and is having a negative impact on domestic demand for new vehicles. That number of motorized vehicles is predicted to double in five years' time, and the distances traveled should also increase due to an accelerated urban expansion.

The introduction of U.S. manufactured vehicles has also increased significantly over recent years, providing greater opportunities for American exporters. Honduras has no local production of automotive parts and accessories. The United States is one of the major suppliers in this sector, along with Japan, Taiwan, Korea, China, Brazil, Mexico, Germany, and the U.K.

Public service transportation units represent one of the major end-users of automotive parts and accessories in Honduras. Most of the Honduran urban transportation fleets use buses of low operational quality, of which 80% are obsolete. The replacement needs for urban buses alone is estimated at over \$60 million. According to the National Statistics Bureau, buses and other passenger transportation vehicles report an average annual growth of 2,500 units.

There are more than 300 retailers of automotive parts and accessories in Honduras who buy directly from overseas or through local distributors. Japanese cars and light trucks dominate the market but parts are often purchased through the United States. American-made pickups, SUVs, heavy trucks and buses have stronger shares of the local market. Recent tariff changes for automotive vehicles include the elimination of a disadvantage to U.S. vehicles vs. Japanese models, as Honduras rescinded the tariff based on engine size in 2002.

At present, the market for new cars is dominated by third-country suppliers, although the United States has gained market share with the elimination of import restrictions based on engine size. There are several major U.S. automotive dealers present in the Honduran market.

### **Sub-Sector Best Prospects**

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In general, most automotive aftermarket products and service equipment are expected to offer good sales opportunities in the Honduran market. Particularly promising products include:

- All types of engine spare parts
- Chemicals and oils
- Tools and equipment
- Tires and wheels
- Safety equipment
- Car care and cleaning
- Undercar and under hood products
- Electrical and brake system components
- Transmission and suspension parts
- Bumpers, spoilers, and tail lights
- Mobile electronics, alarms, and sound systems
- Repair shop, paint, tools, and equipment

### **Opportunities**

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U.S. exports of automotive parts, service equipment and accessories benefit from tariff reductions under the CAFTA-DR trade agreement. Used automobiles and passenger motor vehicles no more than 10 and 13 years old, respectively, may be imported. A regulation involving Hazardous Gas Emissions of Automotive Vehicles is aimed at reducing the increasing air pollution levels generated by tailpipe emissions in the major cities of Honduras. According to this law, all passenger motor vehicles need to be fitted with an emissions control system or catalytic converter. This important regulatory measure, coupled with the growing demand for effective emissions control devices, should positively influence the demand for automotive parts and accessories through local repair shop services.

The Commercial Service Office in Tegucigalpa annually recruits and leads a delegation of Honduran automotive aftermarket leaders to the AAIW (SEMA/AAPEX) show in Las Vegas, Nevada. It is the most important retail and specialty automotive aftermarket trade event in the U.S. For more information on this trade promotion event, please visit [www.aaiwshow.com](http://www.aaiwshow.com).

## Web Resources

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Honduran Association of Automotive Dealers and  
Distributors of Automotive Parts & Accessories  
Regional Trade Statistics  
National Statistics Institute  
CAFTA-DR Website  
U.S. Commercial Service

<http://www.ahdiva.org>  
<http://www.sieca.int>  
<http://www.ine.gob.hn>  
<http://www.export.gov/cafta>  
<http://www.export.gov/honduras>

### Trade Events:

Automotive Aftermarket Industry Week

<http://www.aaiwshow.com>

## Agricultural Sectors

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### Coarse Grains

#### Overview

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Corn	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	211,396,082	203,793,623	200,002,564	197,777,759
Total Local Production	99,243,902	96,389,020	94,973,394	94,140,650
Total Exports	2,081,895	1,304,123	1,395,989	1,456,285
Total Imports	114,234,075	108,708,726	106,425,159	105,093,394
Imports from the U.S.	64,764,364	97,333,357	100,028,309	101,704,975

(Statistics are unofficial estimates. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

U.S. corn exports to Honduras increased by 50 percent in 2014 to \$97.3 million. Growth potential remains positive, given Honduras' inability to produce sufficient grain supplies to support animal, fish/seafood feed, including for the expansion of shrimp and tilapia production. Honduras' proximity to major grain export terminals such as New Orleans, Houston and Galveston will continue to allow U.S. Corn and other commodities to compete for increased market shares.

White corn is the grain produced on the largest scale in Honduras. It is mainly utilized for human consumption. Sorghum makes up about 10 percent of the total coarse grain production. The Government of Honduras is providing incentives to increase production of white corn and sorghum to assure food security for human consumption.

## Best Prospects/Services

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The main product imported in the coarse grain category is yellow corn. An average of 95 percent of yellow corn consumed in Honduras is imported. Corn from the U.S. is also used for animal feed production, particularly in the feed mixes used in the poultry, shrimp, tilapia, livestock and swine industries.

## Opportunities

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Increased growth is expected in the feed mixes used in the poultry, livestock, shrimp, tilapia and swine sectors. Demand for yellow corn is expected to rise because Honduras is preparing to export poultry to the United States. The Honduran government is also providing incentives to increase beef production. Honduras ranks 16th among the leading markets for U.S. corn grain exports.

Under CAFTA-DR, Honduras did not reduce the out-of-quota duty for white corn, but liberalization will occur through a quota which will grow 2 percent per year. Honduras will have a base quota of 27,600 MT for white corn in 2015. For yellow corn, the tariff will be eliminated in 6 years and Honduras will have a quota of 272,156 MT in 2015, growing at 5 percent per year. Tariff cuts will be back-loaded.

## Resources

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- U.S. Department of Agriculture, Foreign Agricultural Service in Honduras
- [Exporter Guide Tegucigalpa Honduras 2014](#)  
[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Rice

### Overview

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Rice	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	69,747,649	77,369,208	70,749,770	67,112,222
Total Local Production	10,697,561	10,766,682	10,219,620	9,913,620
Total Exports	1,012,715	286,335	477,257	693,651
Total Imports	60,062,803	66,888,861	61,007,407	57,892,253
Imports from the U.S.	46,527,994	61,953,659	58,392,905	56,420,174

(Statistics are unofficial estimates. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

U.S. rice exports to Honduras in 2014 were \$61.9 million which is thirty three percent higher than the previous year. Eighty percent of the rice consumed by Honduras is imported from the United States. The quality and reliability of U.S. rice is well-known.

Rice is produced on a limited scale in Honduras. Production has increased slightly because the Honduran government is now providing credit and direct support to the local agro-industry.

## Best Prospects/Services

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Local rice millers prefer to import paddy rice for price reasons and to keep their processing plants running. However, milled rice is also imported into Honduras. Data estimates based on current sales indicate a stable market,

## Opportunities

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Historically, the majority of rice imports have been from the United States. Honduran import demand is expected to remain strong as it is a basic food. Honduras is ranked 11th among the leading 35 country markets for U.S. rice imports.

Under CAFTA-DR, rice tariffs will be eliminated in eight years. Tariff cuts will be back-loaded, with out-of-quota imports subject to a safeguard. There will be a quota of 108,000 MT for rough rice, growing by 2 percent in 2015. Imports under the quota will be subject to a performance requirement, which will be eliminated in eight years. A quota of 12,750 MT will be for milled rice, growing by 5 percent per year. The tariff rate quota (TRQ) for rough and milled rice in 2015 is 108,000 MT and 12,750 MT, respectively.

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- U.S. Department of Agriculture, Foreign Agricultural Service in Honduras  
[Exporter Guide Tegucigalpa Honduras 2014](#)  
[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Wheat

### Overview

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Wheat	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	85,452,942	73,685,249	68,987,741	66,408,813
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	85,452,942	73,685,249	68,987,741	66,408,813
Imports from the U.S.	79,777,584	77,978,249	68,866,981	64,251,895

(Statistics are unofficial estimates. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

Honduras's land and climate are unsuitable for commercial wheat farming. The country depends on imports to fulfill their demand for wheat.

Wheat exports totaled \$77.9 million in 2014, which is 2 percent less than the previous year. However, wheat exports have had volatile growth the past five years, and an estimated 12% growth since 2010. The expectation is for the wheat market to stabilize and for the import growth to be constant in the years to come.

## Best Prospects/Services

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The Honduras wheat industry uses an average of 170,000 MT per year, with the vast majority of its raw material coming from the United States. Data estimates based on current sales indicate a stable market,

## Opportunities

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Honduras looks at United States as their main source of wheat products, both through commercial channels and donations. There are no import duties applicable to U.S. wheat exports. Honduras ranks 22<sup>nd</sup> among the export markets for U.S. wheat.

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
[Exporter Guide Tegucigalpa Honduras 2014](#)  
[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Soybean meal

### Overview

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Soy Bean Meal	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	105,105,314	108,252,233	95,762,447	89,421,400
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	105,105,314	108,252,233	95,762,447	89,421,400
Imports from the U.S.	90,936,145	98,499,892	86,012,842	79,787,020

(Statistics are unofficial estimates. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

Traditionally, Honduras has filled virtually all of its soybean meal demand with U.S. product. Domestic production is negligible.

U.S. soybean meal exports to Honduras were \$98.5 million in 2014, which shows an 8 percent increase from the previous year. The average percent growth of soybean meal over the years has been a steady 12 percent increase in the past five years. However, this increase is strictly due to the demand from the aquaculture and avian production in the country.

## Best Prospects/Services

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The growing poultry, shrimp, and tilapia sectors in Honduras have been responsible for the increasing demand for soybean meal, as it is used in feed mixtures for those products.



## Opportunities

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Continued expansion in the feed industry, particularly for poultry and tilapia production, should continue to fuel the demand for U.S. soybean meal in the years to come. An increasing number of food franchise outlets are also requiring more chicken. Honduras is preparing to export chicken to the U.S., where tariffs on Honduran imports are currently zero. Honduras ranks 14<sup>th</sup> among export markets for U.S. soybean meal.

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
[Exporter Guide Tegucigalpa Honduras 2014](#)  
[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Red Meats

### Overview

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Red Meats	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	269,825,596	298,728,825	265,020,465	247,801,151
Total Local Production	250,068,293	268,040,700	237,623,423	222,134,461
Total Exports	29,935,666	21,302,493	20,328,238	19,779,331
Total Imports	49,692,969	51,990,618	47,725,280	45,446,022
Imports from the U.S.	58,785,719	50,177,865	49,652,983	49,342,446

(Statistics are unofficial estimates. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

Honduras has two meat processing facilities that have been certified by the USDA's Food Safety Inspection Service (FSIS) to export their products to the United States. However, red meat imports from the United States have become a necessity in order to be able to satisfy the country's demands.

Red meat exports totaled \$50.1 million in 2014, which shows a 15 percent decrease from the previous year. However the average percent growth in the last five years reflects an uneven growth of 1 percent. Pork exports to Honduras look promising and stable.

## Best Products/Services

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CAFTA-DR brought immediate tariff elimination of prime and choice pork and beef cuts. Current Honduran consumer demand is centered on beef cuts, prime pork, beef variety meats, liver, tongue, sausage, trimmings and pig's feet. Additionally, the significant decrease in cattle stocking rates in Central America is contributing to a change in

consumer demand from beef to more grain dependent proteins, such as pork and poultry.

## Opportunities

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The tourism sector in Honduras has witnessed substantial growth. The number of U.S. restaurants and franchises operating in Honduras has grown rapidly. The government has designated tourism as one of the priority sectors likely to create jobs and economic growth. Hotels and restaurants need a consistent supply of quality meat products such as U.S. beef and pork. Honduran traditional cuisine uses entrails and internal organs in its dishes. The local red meat industry does not produce enough products to satisfy its demand. Honduras is not ranked in the top 35 beef export markets from the U.S. but is ranked as 14<sup>th</sup> for pork exports from the U.S.

## Resources

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
[Exporter Guide Tegucigalpa Honduras 2014](#)  
[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Processed Fruits and Vegetables

### Overview

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Process Fruits and Vegetables	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	20,902,634	19,776,788	24,245,478	26,856,740
Total Local Production	NA	NA	NA	NA
Total Exports	26,141,806	26,931,622	24,663,122	23,454,886
Total Imports	47,044,439	46,708,409	48,908,599	50,311,625
Imports from the U.S.	16,382,847	17,296,121	17,676,359	17,911,190

(Statistics are unofficial estimate. Data in U.S. Dollars. Sources: Honduran Central Bank, SIECA, GATS, BICO)

Imports of processed fruits and vegetables from the U.S. have increased 6 percent from the previous year. Nevertheless, the average percent growth in the last five years has declined by 2 percent due to the increased imports of processed fruits and vegetables from Mexico and Central America. However, the import products from the United States are recognized for their quality and a stable market for processed fruits and vegetables is predicted.

## Best Products/Services

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Products that are popular with Honduran consumers and that are not subject to tariffs include canned sweet corn, tomato paste, canned pears, canned peaches and mixed canned fruit. Data estimates based on current sales indicate a stable market.

## Opportunities

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Many U.S. franchises and restaurants in Honduras currently import pre-made French fries from Canada and the U.S. Honduras ranks 32<sup>nd</sup> among the leading country export markets for U.S. processed vegetables and 25<sup>th</sup> for prepared foods.

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
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[Food and Agricultural Import Regulations and Standards - Certification Tegucigalpa Honduras 2014](#)

## Other Consumer Oriented Products

### Overview

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Other Consumer Oriented Products	2013	2014	2015 (Estimated)	2016 (Estimated)
Total Market Size	-2,387,767,466	-2,494,936,093	-2,363,292,183	-2,289,627,065
Total Local Production	NA	NA	NA	NA
Total Exports	2,647,644,559	2,816,025,918	2,657,107,397	2,568,930,962
Total Imports	259,877,092	321,089,824	293,815,214	279,303,896
Imports from the U.S.	143,658,771	158,850,341	148,701,855	143,131,450

(Statistics are unofficial estimates. Data in U.S. Dollars. Source: Honduran Central Bank, SIECA, GATS, BICO)

The category of other consumer oriented products comprises a wide range of items, which have witnessed an 11 percent increase compared with the previous year. Never the less, consumer oriented products have shown a steady 6 percent increase in the last five years. The largest competitors for U.S. companies in this category come from Guatemala and Costa Rica, followed closely by Mexico and El Salvador.

## Best Products/Services

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- Vegetable and animal oil/fats
- Food preparation
- Preparation for sauces
- Mixed condiments and seasonings
- Tomato ketchup and other tomato sauces
- Nonalcoholic beverages

**Foods-Processed:** Other consumer-oriented products offering good export opportunities are snack foods, packaged & canned foods, breakfast cereals, food additives, dairy products, wine, and pet foods.

## Opportunities

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Under CAFTA-DR, the tariff on a wide range of consumer-oriented products was eliminated. Market demand for U.S. products in this sector looks promising. Honduras is currently ranked as 25<sup>th</sup> among the leading 35 country export markets for U.S. processed foods.

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U.S. Department of Agriculture Foreign Agricultural Service in Honduras  
<http://www.fas.usda.gov>

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## Chapter 5: Trade Regulations, Customs and Standards

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### Import Tariffs

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Honduras is a member of the Central American Economic Integration System (SIECA) comprised of Guatemala, El Salvador, Nicaragua, Costa Rica and Panama. Honduras' tariffs on most goods from outside SIECA are currently within the zero to 15 percent range. Under CAFTA-DR, about 80 percent of U.S. industrial and commercial goods enter the region duty-free, with the remaining agricultural tariffs to be phased out over a five, eight and ten year period from 2015. Nearly all textile and apparel goods that meet the agreement's rules of origin receive duty-free and quota-free treatment, providing opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing. (The agreement's tariff treatment for textile and apparel goods was made retroactive to January 1, 2004.)

The Harmonized System (HS) classification number determines if a specific product can enter the CAFTA-DR region duty-free. This number is used to check the country and product-specific tariff elimination schedule. Honduran customs are very strict when evaluating certificates of origins. Even minor errors can result in fines and non-CAFTA import duties. Please contact the U.S. Embassy in Tegucigalpa if you feel the rules are being implemented unjustly.

For more information on the practical aspects of exporting under CAFTA-DR please consult the links below:

- <http://www.export.gov/fta>
- <http://www.ustr.gov>
- <http://www.prohonduras.hn>

Under CAFTA-DR, Honduras will eliminate tariffs on yellow corn and pork in year 2020. Import tariffs for rice and chicken leg quarters will also be eliminated in 2023, and for dairy products in 2025. Accordingly, CAFTA-DR should lead to the elimination of market access barriers, over time, for all agricultural products other than white corn.

There are restrictions on imports of corn and sorghum in order to protect local production. In addition, there is a combination price band mechanism and absorption agreement for these crops. Corn and sorghum producers and industries that use these grains for human and animal consumption signed an agreement). The agreement is endorsed by the Secretariat of Agriculture, the Secretariat of Economic Development and the Honduran Institute of Agricultural Marketing (IHMA). Usually, importers who want to import these grains from the United States and who are not part of the agreement pay 30.15 percent duty for yellow corn and 45 percent duty for white corn.

Rice producers and millers have also reached a similar Absorption Agreement as the one for corn and sorghum. The agreement states that the duty for rough rice drops to zero when the signers of the agreement purchase the domestic harvest of rice. The agreement also establishes that an internal regulation will be applied every year. The regulation is the mechanism that establishes the volumes of rough rice that can be bought, the quality, payment requirements, and sale price. The regulation also includes the no-supply quota which will bring the tariff to zero to cover the demand of rice if needed. For imports of rough rice outside the CAFTA-DR quota, the duty is 45 percent.

A general 15 percent Value Added Tax (VAT) is applied to most products. Goods exempted from this tax include staple foods, fuels, medicines, agro-chemicals, books, magazines and educational materials, agricultural machinery and tools, handicrafts, and capital goods such as trucks, tractors, cranes, and computers, among others. Goods and services imported by the maquiladora industry and other firms protected under Special Export Development Regimes are also exempted from the tax. A separate 15 percent sales tax is applied to beer, brandy, compound liquors, and other alcoholic beverages, cigarettes and other tobacco products. This tax is levied on the distributor sale price, minus the amount of the production and consumption tax on both imports and national products. This calculation procedure is also applied to the 15 percent tax on carbonated beverages. A 10 percent selective consumption tax is also applied to some products considered non-essential, such as alcoholic beverages.

Tax reforms in 2014 to the list of exempted basic goods (Canasta Básica) excluded from taxation pork products described in Spanish, but apply the 15% tax to equivalent English-denominated cuts. Currently, the specific pork cuts are both filed under the same HS code and no extra tax has been applied. Please contact the U.S. Embassy if pork products are subjected to the 15 percent tax.

Complete information on import tax legislation, customs regulations, and general administrative procedures is available at <http://www.dei.gob.hn>  
Insert text here)

## Trade Barriers

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CAFTA-DR provides market access for U.S. consumer, industrial and agricultural products, improving U.S. competitiveness against third country suppliers and helping expand U.S. exports overall. The agreement requires important reforms of the domestic legal and business environment, which are still ongoing, as well as transparency and efficiency in administering customs procedures, including CAFTA rules of origin.

Honduras did not negotiate any tariff rate quotas when it became a member of the WTO. It does, however, have limitations on imports of rice and corn in order to protect local production. (Please see Import Tariffs section).

In addition to agricultural products, Honduras maintains some non-tariff barriers in relation to services. Currently, special government authorization must be obtained to invest in the tourism, hotel, and banking services sectors. Under CAFTA-DR, Honduras allows substantial market access in services across its entire services regime, subject to a few exceptions in the licensed professions. Honduran professional associations heavily regulate the licensing of foreigners to practice law, medicine, engineering, accounting, and other professions requiring certification and industry-specific licensing. For more information on service and investment barriers, please read the annual National Trade Estimate Report on Foreign Trade Barriers, found under the Reports and Publications section of the Press Office at <http://www.ustr.gov>.

## **Import Requirements and Documentation**

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Imports of raw and processed agricultural products need an import permit application issued by the National Service of Plant and Animal Health (SENASA) of the Secretariat of Agriculture and Livestock (SAG).

In order to obtain an import permit, all importers of food products, additives, pesticides and inputs used in food processing must submit the following documents to SENASA:

- Phyto- or Zoo-Sanitary Certificate
- Certificate of Origin
- Photocopy of Pro-Forma Commercial Invoice

The above mentioned documents and the import application should be clear and show the same amounts, description, origin and point of departure of the products to be brought. The request of an import permit is done when the importer has already complied with the procedures of obtaining the SRN from the Secretariat of Health.

SENASA requests the issuance of Phyto- or Zoo-sanitary Certificates by a U.S. federal government authority in the plant where the food products have been processed. SENASA does not accept documents from commercial trading companies. Under CAFTA-DR, Honduras recognized the United States inspection services as equivalent to the one in Honduras. This equivalence eliminates the requirement of a pre-certification of the U.S. exporter's facilities.

Imports of U.S. fresh/frozen and cooked poultry products must come with an USDA's FSIS Certificate (Form 9060-5). SENASA has requested that USDA add an Additional Declaration (AD) to the FSIS certificates for poultry imports. The AD should indicate that "All fresh/frozen poultry meat, including mechanically deboned meat (MDM) comes from an area free of high or low pathogenic Avian Influenza. SENASA indicates that it is the importers' as well as the exporters' responsibility to stay abreast of outbreaks so they can assure SENASA of the health status of the area of origination. SENASA typically issues an import permit within 24 to 72 working hours when all required documents are provided.

Importers of dairy products with the Harmonized Code (HC) from 04.01 to 04.06 and 1901.10.1 and 1901.90.20 should have an import license issued by the Ministry of

Economic Development (SDE). The HCs are for milk, cream, butter, yogurt, cheeses, baby formula and powdered milk. Importers will need to register only once. The license will have a 60-day validity and can be extended at the request of the importer. In order to issue the import license, SDE needs to have copy of the Import Permit that SENASA issues to the importer. SDE will assign a number to be used for the import procedure. DEI requests the number of the Import License when the importer registers the dairy import in DEI's system.

For detailed information on import permit requirements, please contact <http://www.fas.usda.gov>, Attaché Reports, Food and Agricultural Import Regulations and Standards – Narrative – Tegucigalpa, Honduras. Alternatively, U.S. exporters may contact the Registration Unit of the Secretariat of Health by writing to [regulacionhon@yahoo.com](mailto:regulacionhon@yahoo.com) or visiting the following SENASA website: <http://www.senasa-sag.gob.hn>.

Among the general documentation required by Customs are: the original of the import permit application, commercial invoice, bill of lading, packing list, certificate of origin, Phyto or Zoo-sanitary certificates and photocopy of import license for dairy products. The Phyto or Zoo-sanitary certificate must be provided by a U.S. federal or state authority.

The certificate of free sale is requested to register the product with the Secretariat of Health. The certificate is issued by the appropriate state-level health authorities or the Chamber of Commerce of the United States.

Please refer to the Honduras GAIN Reports: Food and Agricultural Import Regulations and Standards (FAIRS Country Report HO1407, FAIRS Export Certificate Report HO1406 and Exporter Guide Report HO1405)

### **How to Declare Origination on Goods**

CAFTA-DR designates the importer with the responsibility of claiming preferential treatment under the agreement. The importer should work with the U.S. exporter to ensure that the U.S. good meets the relevant rules of origin under CAFTA-DR prior to making a claim. The assistance and cooperation of U.S. suppliers in producing accurate and well-documented claims for preferential treatment is vital.

### **Demonstrating Eligibility for Preferential Tariff Treatment**

Honduras requires a special Certificate of Origin for imports from the United States to be submitted. The main purpose of the document is to certify that the product originated in the United States, which in turn allows it to receive the preferential tariff treatment agreed upon in CAFTA-DR. In the case of agricultural products, the producer, exporter or importer could provide the certificate with all the required information. The CAFTA-DR certificate is required by the Customs Tax Division (DEI).

A suggested sample of this certificate can be found at:  
<http://www.prohonduras.hn/dgiepc/formulario-de-origen.html>

In general, a product's eligibility for preferential tariff treatment may be demonstrated in a variety of ways provided it is in written form. One can provide a statement on company letterhead, a statement on a commercial invoice, or a certification. While no official form is required in order to demonstrate eligibility for preferential tariff treatment under CAFTA-DR, a certification should include the following information:



- a) The name of the certifying person, including, as necessary, contact or other identifying information;
- b) Tariff classification under the Harmonized System and the description of the good;
- c) Information demonstrating that the good is originating;
- d) Date of the certification; and
- e) In the case of blanket period certification, the time period over which the certification is applicable.

In some situations, multiple shipments of identical goods are being sent to the same CAFTA-DR importer. In these cases, it is not necessary to create a new written certification for each individual shipment. The importer may maintain one “blanket” certificate which must comply with all the same requirements as for one shipment to be presented to the customs authority. The “blanket period” may not exceed one year from the date signed in the Certificate of Origin.

The Certificate of Origin is also required by SENASA to request the import permit. The origin is similarly verified at the port-of-entry.

For additional information on declaring origin and to see a sample certification for exports to Honduras, interested parties may also visit <http://www.export.gov/FTA/cafta-dr>. U.S. exporters seeking information on tariffs for products imported into Honduras may also visit: <http://www.dei.gob.hn>

### **Product Registration**

All imported food and meat products - processed or raw - must have a Sanitary Registration Number (SRN) issued by the General Directorate of Surveillance of the Health Normative Framework (DGVMN) previously known as the Sanitary Regulation Directorate (SRD) of the Secretariat of Health prior entering the country. Only food samples to be used for the registration process will be allowed to enter the country without such number. Containers of food inputs waiting to be processed, labeled, or repacked, do not need SRNs. However, the DGVMN issues a letter to authorize that it enters the country as food input. In the case of raw poultry to be sold at the retail level, the product must have a SRN. The label in the boxes with the raw product should display the number.

The sanitary registration process takes approximately 30 working days. The procedure for registration of a product can be done by the importers or distributors (any person or company). It is not necessary to have a legal representation; however, it is suggested that if there is a problem during the process of registration, the importer should utilize a lawyer. The importer's representative should regularly check with the DGVMN to verify the status of the process—regular checking will insure that importers know if a document is missing or if the DGVMN requires further information.

Central America Customs Union (CACU) member countries have harmonized Sanitary Registration and Sanitary Inscription procedures for processed food products (Central American Technical Regulation-RTCA). Through this procedure, products registered in one CACU country do not need to be registered again in another. Products manufactured in the U.S. are not eligible for this registration exemption. However, the product's Country of Origin is considered CACU if processed in a CACU member country, even if the raw material originates from a non-CACU country. Additional information and registration Forms are available at the Central America Secretariat of Economic Integration's (SIECA) website: <http://www.sieca.int>.

The registration process is relatively faster for low-risk products (categorized as “Group C”) such as oils, margarine, non-alcoholic beverages, canned fruits and vegetables, nuts, cereals, cookies, candies, snacks and soups. The C category does not need laboratory analysis. Foodstuffs from “Group B” category, such as ice cream, mayonnaise, alcoholic beverages, sugar, salt, honey, and flour, may be subject to further analysis if necessary. Foodstuffs from “Group A,” such as raw and processed meats of all kinds, eggs (powder and liquid), milk (powder and liquid), cheese, cream, butter, yogurt, bottled water, ice, and raw processed seafood of all kinds need laboratory analysis.

## **U.S. Export Controls**

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The U.S. Government requires firms to obtain an export permit for some products, especially those considered security sensitive. Commerce Control List categories include nuclear materials; electronics; chemicals, microorganisms and toxins; navigation and avionics; sensors and lasers; and materials processing, among others. For more information, U.S. exporters should contact the Bureau of Industry and Security at the U.S. Department of Commerce, (202) 2482-2000 or 1-800-USATRADE; <http://www.bis.doc.gov>.

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here: <http://developer.trade.gov/consolidated-screening-list.html>.

## **Temporary Entry**

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The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product which is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Economic Development. Amendments made to the RIT law in 1997 allow manufacturers to export their products to other Central American countries. These amendments also permit local importers to resell machinery and equipment no longer needed, by paying an import duty based on its Cost, Freight, and Insurance (CIF) value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended an additional 3 months, if necessary. Products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works may qualify as temporary imports for a period of up to 6 months under Article 74 of the Honduran Customs Law. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time the product is re-exported.

Labeling requirements for merchandise are established under Article 9 of the Consumer Protection Law, Decree 41-89 of 1990. Enforcement of marking and labeling regulations is conducted by the General Directorate of Production and Consumption of the Secretariat of Economic Development (SDE). Special regulations apply to medicines and agricultural products under the Health Code, the Phyto-Zoo Sanitary Law and the Central America Technical Regulation (RTCA) number 67.01.07.10, "General Labeling for Pre-Packed Foods" and the RTCA: 67.01.60:10 on "Nutritional Labeling of Pre-Packed Foods for Human Consumption of Population over Three Years Old".

Honduran law requires that all processed food products be labeled in Spanish and registered with the General Directorate of Surveillance of the Health Normative Framework (DGVMN) previously known as the Sanitary Regulation Directorate (SRD) of the Secretariat of Health. Exporters should confirm the importer's compliance with the following SRD requirements: A valid Sanitary License, Sanitary Registration number, or Sanitary Inscription which is the authorization granted to an importer or distributor of a previously registered product.

Imported sample-sized products must comply with Honduran labeling laws. The content, weight and measurement of products sold in Honduras shall be expressed in officially recognized metric and decimal system units. Products are required to provide the following label information in Spanish:

- Product definition/description
- Name of the product (the official name as noted on the U.S. Certificate of Free Sale)
- Manufacturer's name
- Country of Origin
- Lot number
- Physical characteristics, including ingredients (must be qualitative composition, translated literally from English)
- Net weight/volume
- List of ingredients and additives and the total percentage for each
- Name, address, and telephone number of Honduran distributor/representative
- Sanitary License registration number from the Ministry of Health
- Dates of manufacture and expiration
- Applicable health warnings

Labels should not indicate that the product has therapeutic, healing, or any other attributes not normally associated with the product.

The declared net content must be expressed in International System (SI) units; additional net content declaration in other units is optional. Small variations in net content are permitted, but must not be excessive. Honduras does not require a specific container size for any products.

Pharmaceutical products need to have active ingredients listed, and include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the Honduran Institute for the Prevention of Alcoholism, Drug Addiction, and Pharmaceutical Dependence (IHADFA) labeling requirements. Pharmaceutical products and pesticides

must be labeled in Spanish if possible. The Honduran Ministry of Public Health enforces product labeling requirements for food and pharmaceutical products, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry like pharmaceutical products, but, depending on the product, may require a registration process if requested by the Ministry of Health.

For detailed information on labeling requirements, exporters may contact: <http://www.fas.usda.gov> (Attaché Reports, Food and Agricultural Import Regulations and Standards), or the Ministry of Public Health at email [regulacionhon@yahoo.com](mailto:regulacionhon@yahoo.com).

## **Prohibited and Restricted Imports**

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Under the Financial Balance and Social Protection Act, imports of motor vehicles over ten years old, except classic collectible cars, and passenger buses over thirteen years old are prohibited. Imports of refurbished and right-hand drive vehicles are also prohibited. Import restrictions are also imposed on firearms and ammunition, toxic chemicals, pornographic material, and narcotics. Import restrictions are based on phyto- sanitary, public health, and national security factors.

## **Customs Regulations and Contact Information**

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Questions pertaining to customs issues may be addressed to:

### **Customs and Tax Division**

(Dirección Adjunta de Rentas Aduaneras)

Technical FTA Division

Address: Edificio Gabriel A. Mejía, Col. Palmira, Tegucigalpa, Honduras

Tel: (504) 2238-4521; 2238-1514; 2238-5444; Fax: (504) 2238-3503

Customs Hotline Email: [gestion.aduanera@dei.gob.hn](mailto:gestion.aduanera@dei.gob.hn)

<http://www.dei.gob.hn>

## **Standards**

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Standardization efforts began in 1998, upon the establishment of the Inter-Institutional Standardization Commission of the Ministry of Industry and Trade (now Ministry of Economic Development-SDE). The Commission includes representatives from the Ministry of Agriculture, Natural Resources & the Environment, Health, and Finance, as well as several other key organizations from the private sector. Standards-related duties and activities are the responsibility of the National Standards Body (Organismo Hondureño de Normalización, OHN) under the National Quality System, a decentralized agency of the Ministry of Science Technology and Innovation SENACIT (formerly Technical Ministry of Planning and International Cooperation SEPLAN), (created under Decree 29-2011). The main objectives of the standards governmental body are to:

- a) Formulate and coordinate the execution of normalization and quality control programs adequate to country needs;
- b) Integrate technical committees for individual normalization projects and;
- c) Promote the use of standards in technical regulations.

In general, standards issues and related technical obstacles do not pose a major hurdle for U.S. exporters looking to do business in Honduras. At present, work is being done in connection to defining the limits of the procedures described in Executive Decree 29-2011, particularly regarding voluntary compliance terms, in order to allow a practical development of the national standardization program. Honduras currently has one-hundred and seventeen (117) national standards, issued by the National Standards Body (OHN). Through CAFTA-DR and implementation of other trade agreements, signatories are expected to intensify their joint work in the field of standards, technical regulations, and conformity assessment procedures with a view to facilitating regional trade.

## **Standards Organizations**

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The following sectors have been identified as some of the main productive areas for the potential development of standards in Honduras:

- Agro-industrial production
- Tourism
- Small Hotels
- Wood - Furniture
- Industrial Production
- Energy Efficiency

Honduras is also a subscriber member of the International Standards Organization (ISO). The implementation of ISO certification for local companies is conducted by legally credited international standards institutions. There are over 430 local companies currently certified under ISO 9001 and ISO 14001, and several others are also in the process of obtaining certification.

### **NIST Notify U.S. Service**

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review

and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

## Conformity Assessment

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Among the most relevant national testing and conformity assessment bodies are:

- Ministry of Economic Development: Consumer Protection and Legal Metrology Division <http://www.sde.gob.hn>
- Ministry of Agriculture: National Plant and National Health Service (SENASA/SAG) <http://www.senasa-sag.gob.hn>
- National Laboratory of Residues (LANAR/SAG); Quality Control Lab for Veterinary Products/SAG <http://www.senasa-sag.gob.hn>
- Ministry of Health: General Directorate of Sanitary and Environmental Regulation Food Control Lab <http://www.salud.gob.hn>
- Ministry of Energy, Natural Resources, Environment, and Mines CESCO (Pollution Control Research Center) DECA (Environmental Control and Evaluation Directorate) Mining Executive Directorate ( INGHEOMIN Laboratory) <http://www.serna.gob.hn>
- Ministry of Finance: Customs and Tax Division National Customs Laboratory <http://www.dei.gob.hn>
- Official Laboratory of Honduran Chemical and Pharmaceutical Professional Association (Laboratorio del Colegio Químico Farmacéutico de Honduras)
- Other private laboratories such as Jordanlab, MQ, Microbiology Lab (Empacadora de Productos Acuáticos, San Lorenzo), Agrobiotek, Central de Ingenios, S.A., Ecolova, Food Analysis and Microbiology Labs EAP Zamorano, and the Honduran Foundation for Agricultural Research (FHIA), among others.

## Product Certification

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Certification requirements apply to the importation of very specific products. Certificates of free sale and of origin are required for food items. Importers must provide certifications which demonstrate that the products will not cause damage to humans, animals or the environment. Specific certifications are also required according to the type of product to be imported. Imports of animal and plant origin require a phyto- or zoo- sanitary certificate.

As part of CAFTA-DR, Honduras and the U.S. recognize each other's inspection systems in the manufacturing and processing of animals and products of animal origin as

equivalent, thus eliminating plant certification requirements prior to exporting. In the case of medical and pharmaceutical products which are not for free or for over-the-counter sale, a Sanitary Registration from the Ministry of Public Health is required. All imported food and meat products – processed or raw – must have a Sanitary Registration number (SRN) issued by the Sanitary Regulation Directorate (DGVM) prior to entering the country.

The Certificate of Free Sale (CFS) is issued by the appropriate state-level health authorities or the Chamber of Commerce of the United States. The certificate is requested to register the processed food product with the DGVM. For registration purposes, the CFS should be accompanied by a document that provides an endorsement of the signatures that appear on the CFS. This document can be any of the following: An apostille that certifies that the CFS has been signed by a notary public of the state of origin of the CFS or by an authentication of the CFS by the Honduran Consulate. In both cases, the apostille or authentication should be provided with an official translation from the Ministry of Foreign Affairs in Honduras.

Additional information on product certification procedures is available through the U.S. Foreign Agricultural Service at: <http://www.fas.usda.gov> (Attaché Reports, Food and Agricultural Import Regulations and Standards – Certification. Honduras FAIRS Export Certificate Report No. HO1406.

#### **Accreditation**

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The National Accreditation Body of Honduras is the “Organismo Hondureño de Acreditación - (OHA), is a body under the National Quality System, dependent on the Ministry of Science, Technology, and Innovation (SENACIT). More information on OHA is available at <http://www.hondurascalidad.org/acreditacion.htm>  
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#### **Publication of Technical Regulations**

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#### **Labeling and Marking**

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The content, weight and measurement of products sold in Honduras shall be expressed in officially recognized metric and decimal system units.

Products are required to provide the following label information in Spanish:

- Product definition/description
- Name of the product (the official name as noted on the U.S. Certificate of Free Sale)
- Physical characteristics, including ingredients (must be qualitative composition, translated literally from English)



- Net weight/volume
- List of ingredients and additives and the total percentage for each
- Name, address and telephone number of Honduran distributor/representative
- Sanitary License registration number from the Ministry of Health
- Expiration date

Imported sample-sized products must comply with Honduran labeling laws. Bulk-packed food products do not require labeling unless they will be sold at the retail level as an individual unit. Honduras has no requirements regarding nutritional labeling, and it uses the WHO Codex Alimentarius as a guideline. Labels should not indicate that the product has therapeutic, healing, or any other attributes not normally associated with the product.

The declared net content must be expressed in International System (SI) units; additional net content declaration in other units is optional. Small variations in net content are permitted, but must not be excessive. Honduras does not require a specific container size for any products.

Pharmaceutical products need to have active ingredients listed, and include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the Honduran Institute for the Prevention of Alcoholism, Drug Addiction, and Pharmaceutical Dependence (IHADFA) labeling requirements. Pharmaceutical products and pesticides must be labeled in Spanish if possible. The Honduran Ministry of Public Health enforces product labeling requirements for food and pharmaceutical products, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry like pharmaceutical products, but, depending on the product, may require a registration process if requested by the Ministry of Health.

## Contacts

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### National Quality System

(Sistema Nacional de la Calidad – SNC)

And Technical Secretariat of National Quality Council -

CNCA

Ing. Cristina Rodríguez, Executive Secretary

Apartado Postal No. 4458

Tegucigalpa, Honduras

Tel: (504) 2213-9052; Fax: (504) 2230-1899

E-mail: [crodriguez@hondurascalidad.org](mailto:crodriguez@hondurascalidad.org)

<http://www.hondurascalidad.org>



#### National Standards Body

(Organismo Hondureño de  
Normalización/OHN) National Quality System  
Lic. Sandra Gómez, Coordinator  
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#### National Metrology Institute

Centro Hondureño de Metrología  
(CEHM) National Quality System  
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<http://www.hondurascalidad.org>

#### Post Standards Contact

U.S. Embassy - U.S. Commercial Service  
Rossana Lobo, Commercial Director  
Avenida La Paz  
Tegucigalpa, Honduras  
Tel: (504) 2236-9320  
E-mail:  
[Rossana.Lobo@trade.gov](mailto:Rossana.Lobo@trade.gov)  
<http://www.export.gov/honduras>

### **Trade Agreements**

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CAFTA-DR supplanted the earlier Caribbean Basin Initiative and later Caribbean Basin Economic Recovery Act trade benefits. CAFTA-DR liberalized bilateral trade between the United States and the region and also furthered integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR requires countries to undertake needed reforms to alleviate systemic problems in such areas as customs administration; protection of intellectual property rights; services, investment, and financial services market access and protection; government procurement; sanitary and phyto-sanitary (SPS) barriers; and other non-tariff barriers.

The final act of the Multilateral Commercial Negotiations of the Uruguay Round, which established the World Trade Organization (WTO), was signed by Honduras on April 15, 1995. Honduras is a member of the Central American Economic Integration System (SIECA) along with Guatemala, El Salvador, Nicaragua, Costa Rica, and Panama. As part of Central America, FTAs have also been signed with the Dominican Republic, Chile, and Mexico. Honduras has bilateral FTAs with Canada, Colombia, Panama and Taiwan. FTA Negotiations are also underway with Peru and Korea.

The Association Agreement between the European Union (EU) and Central America was signed on June 29, 2012. The Association Agreement relies on three pillars, political dialogue, cooperation, and trade. The trade pillar of the Association Agreement entered into force on August 1, 2013, with Honduras, Nicaragua and Panama, on October 1, 2013, with Costa Rica and El Salvador, and on December 1, 2013, with Guatemala. Honduras and Guatemala halted negotiations with the European Free Trade Association (EFTA), comprising of Switzerland, Iceland, Liechtenstein, and Norway in June 2013.

The Central American countries agreed to establish an Economic Integration System and a Central America Customs Union (CACU) in December 1960. The commitment was reaffirmed in 1993. Between the years 2000 and 2002, the Central American countries incorporated into the legal framework agreement. The subscription of the agreement for the creation of CACU was held in 2006. The goal is to allow unrestricted movement of products and a Central American uniform tariff with duty-free privileges among the region's countries. The products have to originate in the Central America region.

CACU has granted free trade access throughout the region for 99.9 percent of the Central American products (with the exception of sugar and un-roasted coffee for the region). The harmonized common tariff up to now is 97 percent of Central American products. Central America established a common external tariff schedule in 1998. Six countries signed a revised protocol for economic integration and macroeconomic coordination in October 1993. The integration protocol allows Central American countries to advance at varying rates toward more open trade.

On February 2015, Honduras and Guatemala signed a bilateral agreement creating a Customs Union in an effort to eliminate trade barriers, cut costs and speed up the transportation of goods throughout the region. With the Customs Union, inspections at the two countries' common borders are scheduled to be eliminated by December 2015, relying instead on electronic documentation filed in advance.

Additional information on Honduras's bilateral and multilateral trade agreements is available at: <http://www.prohonduras.hn>

## Web Resources

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- Honduran Ministry of Economic Development: <http://www.prohonduras.hn>
- National Quality System: <http://www.hondurascalidad.org>
- Secretariat for Central American Economic Integration <http://www.sieca.org.gt>
- Honduran Private Enterprise Council: <http://www.cohep.com>

- Chamber of Commerce of Tegucigalpa: [www.ccit.hn](http://www.ccit.hn)
- Chamber of Commerce of Cortés: [www.ccichonduras.org](http://www.ccichonduras.org)
- Honduran Customs Office: <http://www.dei.gob.hn>
- U.S. Department of Commerce: <http://www.export.gov/FTA/cafta-dr>
- USDOC Bureau of Industry & Security: <http://www.bis.gov>
- Foreign Agricultural Service: <http://www.fas.usda.gov>
- National Institute of Standards & Technology: <http://www.nist.gov/notifyus>

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## Chapter 6: Investment Climate

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### Openness to Foreign Investment

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#### Attitude toward Foreign Direct Investment

The United States is Honduras' largest trade and economic partner. U.S. exports to Honduras in 2014 were USD 5.9 billion. The entry into force of CAFTA-DR in 2006 boosted U.S. export opportunities and diversified the composition of bilateral trade. Substantial intra-industry trade now occurs in textiles and electrical machinery, alongside continued trade in traditional Honduran exports such as coffee and bananas. In addition to liberalizing trade in goods and services, CAFTA-DR includes important disciplines relating to investment, customs administration and trade facilitation, technical barriers to trade, government procurement, telecommunications, electronic commerce, intellectual property rights, transparency, and labor and environmental protection.

Economic growth returned to Honduras during the 2010-2013 period after a sharp downturn in 2009 due to the effects of international financial and domestic political crises. In 2014, GDP growth rose to 3.5 percent and the rate of inflation was 6.1 percent. Foreign direct investment and domestic investment declined in 2009 but has since recovered. The stock of U.S. foreign direct investment (FDI) in Honduras was approximately USD 900 million in 2014. U.S. FDI in Honduras is mostly in the manufacturing sector.

## **Other Investment Policy Reviews**

The Honduran government is generally open to foreign investment, with limited restrictions and performance requirements. Low labor costs, proximity to the U.S. market, and the Caribbean port of Puerto Cortés make Honduras attractive to investors. At the same time, however, Honduras' investment climate is hampered by high levels of crime, a weak judicial system, corruption, low educational levels, and poor transportation and other infrastructure.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. The legal framework for investment in Honduras is provided by the Honduran Constitution, the investment chapter of CAFTA-DR, a self-executing international agreement that takes precedence over most domestic law, and by the portions of the Law for the Promotion and Protection of Investments passed in 2011 that are not covered by CAFTA-DR.

Combined, Honduras' legal obligations guarantee national treatment and most favored nation treatment for U.S. investments in most sectors of the Honduran economy and, compared to earlier legislation, include enhanced benefits in the areas of insurance and arbitration for domestic and foreign investors. CAFTA-DR has equal status in Honduras with the Constitution, in most sectors of the Honduran economy. Several sections of the 2011 Investment Law have not been implemented or remain stalled because governing regulations have not been approved by the Honduran Congress.

## **Laws/Regulations of Foreign Direct Investment**

The 2011 Investment Law requires that all local and foreign direct investment be registered with the Investment Office in the Secretariat of Industry and Commerce. Upon registration, an investor is issued investment certificates, which provide investment protection under the law and guarantee investors' international arbitration rights, further provided for under CAFTA-DR. CAFTA-DR establishes a dispute settlement mechanism, as detailed in the Investment Chapter. An investor who believes the government has not honored a substantive obligation under CAFTA-DR may request binding international arbitration. Proceedings and documents submitted to substantiate the claim are generally open to the public.

The 2011 Investment Law does not limit foreign ownership of businesses, except for those specifically reserved for Honduran investors, e.g., small firms with capital less than 150,000 lempiras (HNL), which is about USD 7000. For all investments, at least 90 percent of a company's labor force must be Honduran, and at least 85 percent of the payroll must be paid to Hondurans. Majority ownership by Honduran citizens is required for companies that wish to take advantage of the Agrarian Reform Law, engage in commercial fishing, forestry, or local transportation activities, serve as representatives, agents, or distributors for foreign companies, or operate radio and television stations.

Additionally, government authorization is required for both foreign and domestic investments in the following areas:

- Basic health services,
- Telecommunications,
- Generation, transmission, and distribution of electricity,
- Air transport,

Fishing, hunting and aquaculture,  
 Exploitation of forestry resources,  
 Agricultural and agro-industrial activities exceeding land tenancy limits established by the Agricultural Modernization Law of 1992 and the Land Reform Law of 1974,  
 Insurance and financial services,  
 Private education services, and  
 Investigation, exploration, and exploitation of mines, quarries, petroleum and related substances.

### **Industrial Promotion**

The Honduran mining sector has been re-opened to foreign investment, but challenges remain. The Honduran Congress passed a mining law in January 2013 which allowed foreign mining companies to receive mining concessions. The law's implementing regulations have been approved and the government has begun to issue permits. Some foreign mining companies have experienced unexpected and lengthy delays in review of their mining concession applications, however. The sector had been closed to new investment since 2005, following a Supreme Court decision striking down portions of a 1999 mining law.

### **Limits on Foreign Control**

Not applicable.

### **Privatization Program**

Not applicable.

### **Screening of FDI**

Not applicable.

### **Competition Law**

Not applicable.

### **Investment Trends**

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	126 of 177	<a href="http://transparency.org/cpi2014/results">transparency.org/cpi2014/results</a>
World Bank's Doing Business Report "Ease of Doing Business"	2015	104 of 189	<a href="http://doingbusiness.org/rankings">doingbusiness.org/rankings</a>
Global Innovation Index	2014	118 of 143	<a href="http://globalinnovationindex.org/content.aspx?page=data-analysis">globalinnovationindex.org/content.aspx?page=data-analysis</a>
World Bank GNI per capita	2013	USD 4,270	<a href="http://data.worldbank.org/indicator/NY.GNP.PCAP.CD">data.worldbank.org/indicator/NY.GNP.PCAP.CD</a>

The Millennium Challenge Corporation (MCC), a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita income of USD 4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf>

MCC indicators measure Honduras's performance compared to other countries in the Lower Middle Income Country category. For most of the indicators, a country must perform better than the majority of its peers in order to receive a passing score. For those indicators, a number greater than 50 percent in the parentheses represents a passing score. For other indicators, such as inflation, countries must achieve a specified level of performance.

## **Conversion and Transfer Policies**

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### **Foreign Exchange**

Article 10.8 of CAFTA-DR ensures the free transfer of funds related to a covered investment. Local financial institutions freely exchange U.S. dollars and other foreign currencies. Foreigners can open bank accounts with a valid passport. For deposits exceeding the maximum deposits specified for different account types (corporate or small-medium enterprises), documentation verifying the fund's origin is required.

The 2011 Investment Law guarantees foreign investors access to foreign currency needed to transfer funds associated with their investments in Honduras.

This includes:

- Imports of goods and services necessary to operate,
- Payment of royalty fees, rents, annuities and technical assistance, and
- Remittance of dividends and capital repatriation.

### **Remittance Policies**

In 2011, the Central Bank of Honduras (BCH) replaced the de facto fixed exchange rate that had been in place since 2005 with a crawling peg that allows the lempira to fluctuate by 7 percent against the U.S. dollar in either direction per year. The BCH mandated that the crawling peg is subject to the further restriction that any daily price be no greater than 100.075 percent of the average for the prior 7 daily auctions. This secondary restriction limits devaluation to a maximum of approximately 4.8 percent annually (assuming the maximum devaluation daily). As of March 2015, the exchange rate is HNL 21.8979 to the U.S. dollar, according to data from the Central Bank of Honduras.

The Central Bank uses an auction system to regulate the allocation of foreign exchange. Regulations governing the auction system establish the following:

The base price is established every five auctions according to the differential between the domestic inflation rate and the inflation rate of the main commercial partners of Honduras;

The procedure to determine the base price is set by the Central Bank's Board of Directors;

The Board of Directors establishes through resolutions the exchange commission to be charged by the Central Bank and the exchange agencies in their foreign exchange transactions;

Individuals and corporate bodies can participate in the auction system for dollar purchases, either by themselves or through an exchange agency expressing the offered price in lempiras with a maximum of four decimals. The offers can be no less than USD 10,000/ HNL 209,600, not more than USD 300,000/ HNL 6,288,000 for individuals, and cannot be more than USD 1.2 million/ HNL 25,152,000 for corporations.

Additional information on the Central Bank's exchange system is available at <http://www.bch.hn>. To date, the U.S. Embassy in Honduras has not received complaints from individuals with regard to converting or transferring funds associated with investments.

## **Expropriation and Compensation**

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The Honduran government has the authority to expropriate property for purposes of land reform or public use. The National Agrarian Reform Law provides that idle land fit for farming can be expropriated and awarded to indigent and landless persons.

Impoverished farmer groups sometimes invade or illegally occupy land owned by private companies and then file for the land under the Agrarian Reform Law with the Honduran National Agrarian Institute (INA). If the land is idle and fit for farming, the government can declare it expropriated. In 2013, the government passed legislation regarding recovery and reassignment of concessions on underutilized government assets. Both local and foreign firms have expressed concerns that the law does not specify how the government will determine whether land is underutilized. The government has not published any implementing regulations for the law, nor has the government indicated any plans to use the law against any private sector firm.

While government expropriation of land owned by U.S. companies is rare, disputes related to land seizure actions by squatters occur for both Honduran and non-U.S. foreign landowners, especially in agricultural areas. These occupations have sometimes turned violent, especially in the Bajo Aguan region in the department of Colón. Although several cases were resolved in 2012 with the help of Honduran government-brokered negotiations, many landowners have found pursuing legal avenues to be costly, time consuming, and legally inconclusive. The CAFTA-DR agreement contains provisions in the Investment Chapter designed to protect foreign investors and their investments. Section 10.7 states that no party may expropriate or nationalize a covered investment either directly or indirectly. There are limited public purpose exceptions and the treaty provisions require the expropriating government to pay prompt and adequate compensation.

Compensation for land expropriated under the Agrarian Reform Law, when awarded, is to be paid partly in cash and partly in 15-, 20- or 25-year Honduran government bonds.



The portion to be paid in cash cannot exceed USD 1,000 if the expropriated land has at least one building; it cannot exceed USD 500 if the land is in use but has no buildings; if the land is not in use, compensation will be paid entirely in 25-year government bonds.

## **Dispute Settlement**

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### **Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts**

CAFTA-DR provides dispute settlement procedures between the United States and Honduras. Honduras has been a member of the ICSID (International Center for the Settlement of Investment Disputes) since March 1989. CAFTA-DR establishes a dispute settlement mechanism, as detailed in the Investment Chapter. An investor who believes the government has not honored a substantive obligation under CAFTA-DR may request binding international arbitration. Proceedings and documents submitted to substantiate the claim are generally open to the public. The agreement provides basic protections, such as nondiscriminatory treatment, limits on performance requirements, the free transfer of funds related to an investment, protection from expropriation other than in conformity with customary international law, a minimum standard of treatment, and the ability to hire key managerial personnel regardless of nationality.

In practice, the Honduran government has a poor record of handling investment disputes, due primarily to an outdated commercial code and a weak judicial system. The Honduran Commercial Code, which was enacted in 1950, is the main legislation that regulates the operations of businesses in the country. The application of the Commercial Code and its regulations falls under the jurisdiction of the Honduran civil court system.

The Civil Procedures Code (CPC), which entered into force in 2010, introduced the use of open, oral arguments for adversarial procedures. The CPC provides for more effective protection of commercial transactions, property rights, and land tenure, as well as a more efficient process for the enforcement of rulings issued by foreign courts.

Despite these codes, U.S. claimants complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints of favoritism, external pressure and bribes within the judicial system. U.S. firms have had difficulty navigating the legal system. Many U.S. citizens also have complained about the quality of legal representation they receive from Honduran attorneys.

Honduras' Conciliation and Arbitration Law (Decree 161-2000) which entered into force in 2001, encourages arbitration and clarifies the procedures under which it takes place. In that same year, the Chambers of Commerce and Industry in Tegucigalpa and San Pedro Sula established Centers for Conciliation and Arbitration. The 2011 Investment Law permits investors to request arbitration directly, eliminating the previous requirement to include an arbitration clause in investment contracts. Arbitration and conciliation are generally considered swifter and more cost-effective means of resolving disputes between commercial entities, and there may be the additional advantage that the arbitrator or mediator may have specialized expertise in the technical area involved in the dispute.

Tegucigalpa Chamber of Industry and Commerce – Center for Conciliation and Arbitration:

<https://www.ccit.hn/cca/>

San Pedro Sula Chamber of Industry and Commerce – Center for Conciliation and Arbitration:

<http://www.ccichonduras.org/es/?p=1571>

### **Bankruptcy**

Information not available.

### **Investment Disputes**

Information not available.

### **International Arbitration**

Information not available.

### **ICSID Convention and New York Convention**

Honduras is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Honduras has ratified the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention)

### **Duration of Dispute Resolution**

Information not available.

## **Performance Requirements and Incentives**

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### **WTO/TRIMS**

CAFTA-DR does not permit Honduras to grant new customs duty waivers or expand existing waivers that have export performance requirements. Furthermore, the 2011 Investment Law guarantees to all foreign investors the freedom to export and import, and eliminates the requirement of prior administrative permits and licenses, except for statistical registries and customs procedures.

Under CAFTA-DR, Honduras granted U.S. service suppliers substantial access to its services market, including financial services. Application procedures for service suppliers in all sectors are generally simple, clear and non-discriminatory. Honduras' service sector is widely accessible to foreign companies as evidenced by U.S. companies' participation in the Honduran banking, insurance, and accounting markets. In both the banking and insurance sectors, foreign companies generally operate on equal footing with local companies as long as the foreign company establishes a branch or subsidiary in Honduras. However, there are restrictions on cross-border services and offshore operations. Insurance may not be offered on a cross-border basis, and a foreign bank wishing to operate offshore must establish a representative office in Honduras, which entails cumbersome reporting requirements and procedures. Furthermore, a Honduran branch of a foreign bank may only operate based on its capital in Honduras, not on its global or regional capital.

## **Investment Incentives**

The Tourism Incentives Law (as revised in 2002) offers tax exemptions for national and international investment in tourism development projects. The law provides income tax exemptions for the first 10 years of the project and permits the duty-free import of goods needed for the project, including publicity materials. To receive benefits, a business must be located in a designated tourism zone to qualify for tax exemptions and duty-free status. Restaurants, casinos, nightclubs and movie theaters and certain other businesses are not eligible for incentives under this law. Foreigners or foreign companies seeking to purchase property exceeding 3,000 square meters in size for tourism or other development projects in designated tourism zones must present an application to the Honduran Tourism Institute at the Ministry of Tourism. In addition to providing the required personal information, the potential buyer must also prove that a contract to buy a specific property exists and that the project is registered with the Honduran Ministry of Tourism. The buyer must also present feasibility studies and plans about the proposed tourism or economic development project.

## **Right to Private Ownership and Establishment**

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Investors have the right to freely establish, acquire and dispose of interests in business enterprises at market prices under freely negotiated conditions and without government intervention. Private enterprises compete on an equal basis with public enterprises with respect to access to markets, credit and other business operations.

Foreign investors have the right to own property, subject to certain restrictions established by the Honduran Constitution and several laws relating to property rights. This guarantee includes the right to free acquisition, profit, use, disposition and any other right attributable to property ownership. The major exception is the constitutional prohibition of foreign ownership of land within 40 kilometers of international borders and shorelines although Honduran law permits foreign individuals to purchase properties close to shorelines in designated “tourism zones.”

The Government of Honduras has simplified administrative procedures for establishing a company in recent years. According to the 2015 World Bank Doing Business Report, the average time required for starting a business in Honduras is 14 days and requires 12 procedures.

## **Protection of Property Rights**

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### **Real Property**

Secured interests in property, both movable and real, are recognized under Honduran law. The Chamber of Commerce and Industry of Tegucigalpa (CCIT) manages the national property registry. Honduras’ secured transactions law gives a concession to the CCIT to administer the registry.

Inadequate land title procedures have led to numerous investment disputes involving U.S. nationals who are landowners. Title insurance is not widely available in Honduras

and approximately 80 percent of the privately-held land in the country is either untitled or improperly titled. Resolution of disputes in court often takes years. There have been claims of widespread corruption in land sales, deed filing, and dispute resolution, including claims against attorneys, real estate companies, judges, and local officials. Although some progress has been achieved, particularly in the Bay Islands, the property registration system remains unreliable and represents a major constraint on investment. In addition, a lack of implementing regulations leads to long delays in the awarding of titles in some regions.

## **Intellectual Property Rights**

The legislative framework for protection of intellectual property rights (IPR), which includes the Honduran copyright law and its industrial property law, is generally adequate, but laws are often not effectively implemented. In these areas, Honduras largely complies with the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement of the World Trade Organization (WTO). However, the illegitimate registration of well-known trademarks has been a problem. Honduran law protects data exclusivity for a period of five years, and protects process patents, but it does not recognize second-use patents. The Property Institute (IP) and Public Ministry handle protection and enforcement of intellectual property rights.

CAFTA-DR Chapter 15 on Intellectual Property Rights further provides for the protection and enforcement of a range of intellectual property rights, which are consistent with U.S. and international standards as well as with emerging international standards of IPR protection and enforcement. There are also provisions on deterrence of piracy and counterfeiting. Additionally, CAFTA-DR provides authorities the ability to confiscate pirated goods and investigate intellectual property cases on their own initiative.

The Honduran legal framework provides deterrence against piracy and counterfeiting by, for example, requiring the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. The law also provides for statutory damages for copyright and trademark infringement, to ensure that monetary damages can be awarded even when losses associated with an infringement are difficult to assign.

The Honduran government lacks the necessary personnel and resources to wage an effective campaign against IPR infringement. There is significant piracy and counterfeiting in Honduras in telecommunications, pharmaceuticals, and other sectors. Although prosecutors have the authority to seize pirated and counterfeit goods when found, they do not have the ability to prosecute cases without a formal written complaint from an injured party. This complicates and prolongs an already lengthy judicial process. Further exacerbating the process is a lack of transparency.

Honduras is a member of the World Intellectual Property Organization (WIPO), and is a party to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonogram Treaty (WPPT). Honduras is a signatory of the World Trade Organization's (WTO) intellectual property (TRIPS) agreement.

For additional information about Honduras' treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

## Resources for Rights Holders

A list of local attorneys is available at <http://honduras.usembassy.gov/listattorneys.html>.

## Transparency of Regulatory System

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CAFTA-DR requires that proposed regulations that could impact businesses or investments be published for public comment prior to passage. The Secretariat of Economic Development sometimes publishes draft regulations on its website. However, the Honduran government does not routinely publish regulations before they enter into force and there is no formal mechanism for providing proposed regulations to the public for comment. The lack of a formal notification process prevents most non-governmental groups, including foreign companies, from commenting on proposed regulations.

Regulations must be published in the official government Gazette in order to enter into force. Honduras lacks an indexed legal code, and lawyers and judges must maintain and index the publication of laws on their own. Procedural red tape to obtain government approval for investment activities is very common. Foreign market participants who are represented locally and are members of major business organizations essentially have access to the same information as their Honduran counterparts.

Some U.S. investors have experienced long waiting periods for environmental permits and other regulatory and legislative approvals. Sectors in which U.S. companies frequently encounter problems include infrastructure, telecoms, mining and energy. Generally, the regulatory requirements are complex and lengthy, and may be influenced by political factors, in addition to potentially requiring Congressional approvals if the time duration exceeds the Presidential term of four years.

The Honduran government's e-Regulations Web site makes information on Honduran regulations available online. This site may be a useful resource for prospective investors: <http://honduras.eregulations.org>

## Efficient Capital Markets and Portfolio Investment

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There are no government restrictions on foreign investors' access to local credit markets. However, the local banking system generally extends only limited amounts of credit. Local banks should not be considered a significant resource for start-up capital for new foreign ventures unless they use specific business development credit lines made available by bilateral or multilateral financial institutions, such as the Central American Bank for Economic Integration.

There are a limited number of credit instruments available in the local market. The only security exchange operating in the country is the Central American Securities Exchange (BCV) in Tegucigalpa (<http://www.bcv.hn>), but investors should exercise caution before buying securities listed on the BCV. The Central American Securities Exchange is supervised by the National Banking and Insurance Commission (CNBS). Instruments that theoretically can be traded include bankers' acceptances, repurchase agreements, short-term promissory notes, Honduran government private debt conversion bonds and land reform repayment bonds. However, in practice, the market is almost completely

composed of short- and medium-term government securities, and no formal secondary market for these bonds exists. A few banks have placed fixed rate and floating rate notes which have extended out to 3 years in maturity, but outside of the banks' issuances the private sector does not sell debt or corporate stock on the exchange. Any private business is eligible to trade its financial instruments on the exchange, and firms that participate are subject to a rigorous screening process, including public disclosure and ratings by a recognized rating agency. Historically, traded firms generally have had economic ties to the different business/financial groups represented as shareholders of the exchange, which has led to lax risk management practices and an enduring loss of public confidence in the institution.

### **Money and Banking System, Hostile Takeovers**

The Honduran financial system is comprised of commercial banks, state-owned banks, savings and loans institutions, and financial companies. There are currently 17 commercial banks operating in Honduras of which 10 have majority foreign ownership. There is no off-shore banking in Honduras.  
Insert text here)

### **Competition from State Owned Enterprises**

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Most state-owned enterprises are public utilities, including telephone, electricity, and water companies as well as commercial ports.

In 2003, the Honduran government opened the telecommunications market for sub-operators to provide services under contract with Hondutel, Honduras's state-owned telephone company. Under this program, foreign and domestic carriers register with Honduras's regulatory body, Conatel, as sub-contractors for Hondutel fixed telephony services. Hondutel officially lost its monopoly on fixed-line telephony services in 2005. Approximately 40 foreign and domestic firms have entered into "sub-operator" contracts with Hondutel. Although the elimination of Hondutel's legal monopoly was a positive step towards liberalization of the telecom sector, a legal framework through which foreign companies can obtain licenses and concessions to provide long distance and international dialing has not yet been established. Investors remain unsure of whether they may legally establish themselves as fully independent telecommunication service providers. Currently, all sub-operators must obtain approval from Congress. Cellular telephone services are open to full private ownership. Hondutel explored the partial privatization of its mobile business in December 2012 but did not complete the process.

As of June 2013, a special oversight commission is seeking a strategic partner to facilitate Hondutel's restructuring. The government is preparing to begin the process of privatization by selling a controlling stake of the company. Once the strategic partner is identified, a joint venture will be established with the private investor "obtaining 51 percent of the stake, while the government retains 22.5 percent of the shares, 22.5 percent are distributed among employees and the remaining 4 percent are publicly owned," according to the commission, which was led by Rigoberto Romero.

Although most electricity generation in Honduras is in private hands, the state-owned National Electric Energy Company (ENEE) retains a monopoly over transmission, distribution, and commercialization. This will change over the near future (2015-2018) as

transmission and distribution are privatized. ENEE controls most hydroelectric generation, which accounts for about one-third of total capacity. The remaining power generation comes from diesel and bunker fuel oil plants. ENEE has been losing money for years and needs additional investment in transmission lines and other infrastructure as well as improvements to its collection and internal controls. ENEE has failed to properly manage Honduras' chronic electricity shortages, make timely investments in infrastructure, especially in the outdated power grid, and address technical losses and theft accounting for almost 30 percent of power generation, twice the power industry standard for a developing country and the highest rate in Central America. The government has sought to bring additional renewable power onto the grid, mainly from new hydroelectric projects, and it has incentives to encourage renewable energy development. The government of Honduras is winding down these incentive programs as the cost of integrating variable renewable energy projects become clear. By 2014, the National Congress had approved more than 80 contracts between ENEE and private producers for almost 2000 MW of new clean energy, but has started to slow new approvals. ENEE anticipates that 300 MW of solar and 200-300 MW of other renewable/non-renewable generation will be built in the short-term. Many businesses are opting to install their own on-site power generation systems to supplement or substitute for power from ENEE due to high costs and uncertainty about the semi-privatization process.

A 2003 law grants municipalities the right to manage water distribution themselves and to grant concessions to private enterprises. San Pedro has granted a 30-year concession in 2013 to a private company. The municipalities of Puerto Cortés and Choloma have also created public-private partnerships. The state water authority National Autonomous Aqueduct and Sewer Service (SANAA) still manages Tegucigalpa's water distribution.

The Honduran National Port Company (ENP) is the state-owned organization that oversees port management at all four of the country's government operated maritime ports. These ports are Puerto Cortés, La Ceiba, Puerto Castilla, and San Lorenzo. The Honduran government has privatized the operation of Honduras' principal port, Puerto Cortés. In a competitive bidding process, the government awarded concessions for private companies to operate its container and bulk shipping facilities. Central American Port Operators (OPC) and Maritime Ports of Honduras (PMH) won the 30-year concessions for container and bulk shipping operations, respectively. Both companies are in the process of expanding and modernizing the port's terminal and storage facilities.

#### **OECD Guidelines on Corporate Governance of SOEs**

Not applicable.

#### **Sovereign Wealth Funds**

Honduras does not have a sovereign wealth fund.

### **Corporate Social Responsibility**

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Awareness of corporate social responsibility (CSR) is growing among both producers and consumers in Honduras. An increasing number of local and foreign companies operating in Honduras include CSR practices in their business strategies.



The Honduran Corporate Social Responsibility Foundation (FUNDAHRSE) was established in 2003 and is successfully leading efforts to promote transparency in the business climate and to provide the Honduran private sector, particularly small- and medium-sized businesses, with the skills to engage in responsible business practices. FUNDAHRSE's members can apply for the foundation's "CSR Enterprise" seal for exemplary responsible business conduct involving activities in health, education, environmental, codes of ethics, employment relations, and responsible marketing.

## OECD Guidelines for Multinational Enterprises

Not applicable.

## Political Violence

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In the country as a whole, levels of crime and violence are high. Crime and violence represent an added cost and constraint on investment. Please read the latest travel warning, located on the State Department website:

[http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_6007.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_6007.html)

## Corruption

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Corruption plays a role in many business dealings in Honduras. U.S. businesses and citizens have found corruption in the public sector and the judiciary to be a significant constraint to successful investment in Honduras. Corruption is pervasive in government procurement, issuance of government permits, real estate transactions (particularly land title transfers), performance requirements, and the regulatory system. The telecommunications and energy sectors have proven particularly problematic.

Both the Millennium Challenge Corporation (MCC) and Transparency International ranked Honduras' control of corruption as poor. For the three MCC indicators, a country must perform better than the majority of its peers in order to receive a passing score (a number greater than 50 percent in the parentheses represents a passing score).

### Honduras's Rankings on Key Corruption Indicators

Measure	Year	Index/Ranking
TI Corruption Index	2014	29.0/100, 126 of 177
World Bank Doing Business	2015	104/189
MCC Government Effectiveness	FY 2015	-0.33 (25 percent)
MCC Rule of Law	FY 2015	-0.70 (7 percent)
MCC Control of Corruption	FY 2015	-0.37 (21 percent)

The United States Foreign Corrupt Practices Act (FCPA) makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more



detailed information on the FCPA, see the FCPA Lay-Person's Guide at:  
<http://www.justice.gov/criminal/fraud/>

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U.S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements.

*UN Anticorruption Convention, OECD Convention on Combatting Bribery*

UN Convention: Honduras is a member of the UN Anticorruption Convention, which entered into force on December 14, 2005. The UN Convention is the first global comprehensive international anticorruption agreement and requires countries to establish criminal penalties for a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery.

OECD Convention on Combatting Bribery: Honduras is a member of the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation.

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. Honduras has a free trade agreement in place with the United States, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which came into force in 2006. The most recent free trade agreements (FTAs) negotiated now require trading partners to criminalize "active bribery" of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic "passive bribery" (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.

Local Laws: U.S. firms should familiarize themselves with local Honduran anticorruption laws, and, where appropriate, seek in-country legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel. It is illegal to bribe a Honduran public official. Bribery is a criminal act and depending on the degree of the offense, is subject to fines or incarceration. Honduran regulations also prohibit government and public officials from soliciting bribes.

Two codes establish penalties for corruption in Honduras: the Penal Procedures Code (PPC) and the Penal Code (PC), which allows for an adversarial-style, oral, and public trial system. The PPC aims to improve the administration of justice and accountability in a number of ways, including increased transparency in the criminal justice system.

Multiple Honduran government entities share responsibility for fighting corruption: the Public Ministry, under the direction of the Attorney General (Fiscal General); the Superior Accounting Tribunal (TSC), which brings together the Comptroller General of the Republic (CGR), the Directorate of Administrative Probity (ethics office) and the Office of State Assets led by three members selected by Congress.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues in Honduras. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents locally in Honduras.

The U.S. Foreign and Commercial Service in Honduras can be reached at the U.S. Embassy in Tegucigalpa, Honduras (<http://export.gov/honduras/ContactUs/index.asp>).

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department's Advocacy Center and State's Office of Commercial and Business Affairs.

Problems, including alleged corruption by the Honduran government or competitors encountered by U.S. companies, can be brought to the attention of appropriate U.S. government officials at the embassy:

U.S. Embassy Tegucigalpa, Honduras  
Avenida La Paz  
Tegucigalpa M.D.C., Honduras  
Telephone Numbers: (504) 2236-9320, 2238-5114  
Fax Number: (504) 2236-9037

Companies can also report through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at:  
[http://tcc.export.gov/Report\\_a\\_Barrier/index.asp](http://tcc.export.gov/Report_a_Barrier/index.asp).

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) Foreign Corrupt Practices Act (FCPA) Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-

bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at <http://www.justice.gov/criminal/fraud/fcpa>.

Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Commerce, U.S. Department of Commerce, Website, at [http://www.ogc.doc.gov/trans\\_anti\\_bribery.html](http://www.ogc.doc.gov/trans_anti_bribery.html). More general information on the FCPA is available at the Websites listed below.

## Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- See also the new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI), which measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2009](http://www.transparency.org/policy_research/surveys_indices/cpi/2009)
- Transparency International also publishes an annual Global Corruption Report which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>

- The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>
- The World Economic Forum publishes the Global Enabling Trade Report, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual Global Integrity Report, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm> See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: [http://www.coe.int/t/dghl/monitoring/greco/evaluations/index\\_en.asp](http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp)
- MESICIC monitoring reports can be found at: [http://www.oas.org/juridico/english/mesicic\\_intro\\_en.htm](http://www.oas.org/juridico/english/mesicic_intro_en.htm)
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.
- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). See <http://info.worldbank.org/governance/wgi/index.aspx#home>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report>.

## **Bilateral Investment Agreements**

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Honduras signed a Tax Information Exchange Agreement with the U.S. in 1992.

## **OPIC and Other Investment Insurance Programs**

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The U.S. Overseas Private Investment Corporation (OPIC) provides loan guarantees, which are typically used for large projects, and direct loans, which are reserved for projects sponsored by or substantially involving U.S. small businesses and cooperatives. OPIC can normally guarantee or lend from USD 100,000 to USD 250 million per project. OPIC also offers insurance against risks of currency inconvertibility, expropriation and political violence.

The Export-Import Bank of the U.S. also provides project financing in Honduras.

Honduras is a party to the World Bank's Multilateral Investment Guarantee Agency (MIGA).

## **Labor**

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Honduras has significant labor available for industries requiring relatively low-skilled workers. Given the low average education level, there is a limited supply of skilled workers in all technological fields, including medical and high technology industries. At the end of 2014, government statistics showed unemployment at 4.4 percent and at the end of 2013 (most recent data available), underemployment was 38 percent.

While Honduran labor law closely mirrors International Labor Organization standards, the U.S. Department of Labor has raised serious concerns regarding the effective enforcement of Honduran labor law. In 2012, 26 Honduran labor organizations in conjunction with the AFL-CIO filed a submission with the U.S. Department of Labor that alleged that the government of Honduras was in violation of Chapter 16 (labor code enforcement) of the CAFTA-DR. The petition cites examples of the Ministry of Labor allegedly failing to enforce labor laws, such as the right to form a union, bargain collectively and be reinstated when unjustly fired for union organization activities. In February 2015, the U.S. Department of Labor published a report in response to the submission. This report raised serious concerns regarding the effective enforcement of labor laws in Honduras under Chapter 16. The report provided recommendations to address the concerns and called for a monitoring and action plan.

The Honduran labor law prescribes a maximum 8-hour workday and 44-hour week. There is a requirement for at least one 24-hour rest period every week. The Labor Code provides for a paid vacation of 10 workdays after one year, and 20 workdays after four years. The Constitution and Labor Code prohibit the employment of persons under the age of 16; with the exception that children aged 14 to 15 may be permitted to work with written parental consent and permission from the Ministry of Labor. All persons under 18 years of age are prohibited from night work, dangerous work and full-time work.



The Honduran Children's Code prohibits a person of 14 years of age or less from working, even with parental permission, and establishes prison sentences of 3 to 5 years for individuals who allow children to work illegally. An employer who legally hires a 14 or 15-year-old must certify that the young person has finished or is finishing compulsory schooling. The majority of the violations of the children's code occur in the agricultural sector and informal economy.

In 2010, the Honduran National Congress passed a Temporary Employment Law, which established the country's first legal basis for hiring employees on a temporary basis under a 36-month pilot program. In 2012, Congress amended the law to remove the expiration date and made the Temporary Employment Law permanent.

### **Foreign-Trade Zones/Free Ports**

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There are no known export subsidies provided by the Honduran government, but it provides tax exemptions to firms in a free trade zone. The Temporary Import Law (RIT) allows exporters to introduce raw materials, parts and capital equipment (except vehicles) into Honduras exempt from surcharges and customs duties if the input is to be incorporated into a product for export (up to five percent can be sold locally). Export processing zones can be established anywhere in the country, and companies operating in export processing zones are exempt from paying import duties and other charges on goods and capital equipment. In addition, the production and sale of goods within export processing zones are exempt from state and municipal income taxes for the first 10 years of operation. Companies operating in an export processing zone are permitted unrestricted repatriation of profits and capital and have access to onsite customs facilities. However, companies are required to purchase the Lempiras needed for their local operations from Honduran commercial banks or from foreign exchange trading houses registered with the Central Bank.

Most industrial parks and export processing zones are located in the northern Department of Cortés, with close access to Puerto Cortés, Honduras' major Caribbean port, and San Pedro Sula, Honduras' major commercial city and a transportation crossroads. Industrial parks and export processing zones are treated as offshore operations. Therefore, customs duties must be paid on products manufactured in the parks and sold in Honduras. In addition, if Honduran inputs are used in production, they are treated as exports and must be paid for in U.S. dollars. While most companies that operate in these parks are involved in apparel assembly, the government and park operators have begun to diversify into other types of light industry, including automotive parts and electronics assembly.

Privately-owned tourism zones may be established to promote the development of the tourism industry in Honduras. The law allows for the free importation of equipment, supplies, and vehicles to businesses operating in designated tourism zones with certain restrictions (see the description of the tourism law, above). Additional information on Honduran free trade zones and export processing zones is available from the Honduran Manufacturers Association at <http://www.ahm-honduras.com>

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2013	17.20	2013	18.55	<a href="http://www.worldbank.org/en/country">www.worldbank.org/en/country</a>
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	2013	127.5	2013	901	BEA
Host country's FDI in the United States (\$M USD, stock positions)	N/A		2013	-22	BEA
Total inbound stock of FDI as % host GDP	N/A		N/A		

Table 3: Sources and Destination of FDI

IMF Coordinated Direct Investment Survey data are not available for Honduras.

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data are not available for Honduras.



Deputy Economic Counselor and Commercial Officer  
Hal Constantine  
U.S. Embassy  
Avenida La Paz  
Tegucigalpa, M.D.C.  
Tel: (504) 2236-9320, Ext. 4634  
E-mail: ConstantineHC@state.gov

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## Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
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### How Do I Get Paid (Methods of Payment)

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There are various alternatives involving credit, insurance, and trade finance tools to help U.S. companies against non-payment risks when trying to expand their export sales. Among the payment methods commonly used for international trade transactions are open accounts, commercial letters of credit, cash against documents, factoring, documentary collections and cash in advance. Factoring, cash in advance and irrevocable payment undertakings, such as letters of credit confirmed by U.S. banks, are the most frequently used methods of payment for U.S. exporters selling to Honduran firms (particularly in transactions of significant value). A third party, such as the Export-Import Bank of the United States, should insure open account transactions. It is highly discouraged to send shipments without agreeing to payment terms in advance and receiving proper bank documents.

### How Does the Banking System Operate

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The Honduran banking system, currently comprised of 8 financial groups and 17 private banks authorized by the National Banking and Insurance Commission (CNBS), includes financial intermediaries, one securities exchange, brokerages, credit operators, and foreign exchange houses. In recent years, it has experienced significant growth, consolidation, and regional expansion.

Total assets in the Honduran financial system in 2014 were \$18,204 billion. Banks account for 98 percent of total assets in the financial system. The minimal capital requirement to operate a bank is 400 million L/ \$18.4 million per resolution 633/12-05-2009. Average interest rates for local currency in the banking system were 15.94 percent for 2014. Average interest rates in U.S. dollars were 7.74 percent in 2014.

Bank operations are governed by a Central Bank reform law revised in 2004. The law also provides for stronger capitalization of the Central Bank by the central government. The Banking Commission reform law and the FOSEDE reform law transfer the responsibility for the restitution of troubled banks from FOSEDE to the Banking Commission. The Financial System law (Decree No. 129-2004) delineates the responsibilities of the Banking Commission and the Central Bank to supervise and

regulate the country's financial sector. The overriding objective of the law is to bring the Honduran financial sector regulation into compliance with the internationally recognized Basel core principles for effective banking supervision. The law also strengthens the previously ineffective national credit bureau and imposes new restrictions on bank ownership and management.

There are few legal barriers to entry in the banking sector, but the small size of the market has meant that most foreign investment has been in regional, rather than Honduran-only, banks. Several banks have majority foreign ownership including Banco Citibank de Honduras, S.A., Davivienda Bank S.A., BAC/Honduras, LAFISE, Azteca, Promerica, ProCredit, and BanPais. In April 2015 FICOHSA Bank acquired 100% of Citibank's credit card portfolio, and with this transaction FICOHSA became the biggest holder of the credit card market in Honduras.

## Foreign-Exchange Controls

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Honduras uses a crawling peg exchange rate that allows the Lempira to fluctuate by 7 percent against the U.S. dollar in either direction (Resolution No. 284-7/2011). The peg is subject to the further restriction that any daily price be no greater than 100.075 percent of the average for the prior 7 daily auctions. This secondary restriction limits devaluation to a maximum of approximately 4.8 percent annually (assuming the maximum devaluation daily). The Central Bank uses an auction system to regulate the allocation of foreign exchange. Commercial banks are required to sell 50 percent of repatriated foreign exchange earnings to the Central Bank each night.

## U.S. Banks and Local Correspondent Banks

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### **Banco Atlántida, S.A.**

Guillermo Bueso Anduray, Executive President

P.O. Box 3164

Tegucigalpa M.D.C., Honduras

Tel: (504) 2231-1878, 2232-4047; Fax: (504) 2231-1974

[Http://www.bancatlan.hn](http://www.bancatlan.hn); E-mail: [info@bancatlan.hn](mailto:info@bancatlan.hn)

### **Banco Davivienda Honduras, S.A.**

Alvaro Morales Patiño, Executive President

P.O. Box 344 and 3185

Tegucigalpa M.D.C., Honduras

Tel: (504) 2240-0909; 800-2222-2020; Fax: (504) 2240-4873

Web: [Http://www.davivienda.com.hn](http://www.davivienda.com.hn)

### **Banco Financiera Comercial Hondureña, S.A. (FICOHSA)**

Camilo Atala, Executive President

Javier Atala, General Manager

P.O. Box 3858

Tegucigalpa M.D.C., Honduras

Tel: (504) 2239-6410; Fax: (504) 2239-8785

[Http://www.ficohsa.com](http://www.ficohsa.com)

**Banco de Occidente, S.A.**

Jorge Bueso Arias, President  
Manuel Venancio Bueso Gerente General  
P.O. Box 3284  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2290-4100; Fax: (504) 2237-0486  
<http://www.bancococi.hn>

**Banco de Honduras, S.A.**

Lic. Reyna Irene Mejia, Chief Country Officer (CCO Honduras)  
P.O. Box 3434  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2290-0100; Fax: (504) 2290-0123;  
<https://www.citibank.com.hn>

**Banco del País, S.A.**

Maria del Rosario Selman, Executive President  
P.O. Box 1075  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2240-1212; 2566-2020; Fax: (504) 2239-5707; 2566-2142  
Web: <http://www.banpais.hn>

**Banco Financiera Centroamericana, S.A. (FICENSA)**

Gloria de López, President  
Roque Rivera, Executive Vice President  
P.O. Box 1432  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2221-3870; Fax: (504) 2221-3849  
<http://www.ficensa.com>

**Banco Hondureño del Café (BANHCAFE)**

Ing. Cesar Arturo Zavala, General Manager  
P.O. Box 583  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-8370; Fax: (504) 2239-7782  
Web: <http://www.banhcafe.hn>;

**Banco de los Trabajadores, S.A.**

Jesús Ponce Sandoval, General Manager  
P.O. Box 3246  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2238-0017, 2238-0140; Fax: (504) 2238-0077; 2222-1634  
Web: <http://www.bantrab.hn>

**Banco LAFISE Honduras**

Roberto Zamora, Executive President  
Alejandro Ramírez, General Manager  
P.O. Box 3325  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2237-4000/20 Fax: (504) 2237-1835  
Web: <http://www.bancolafise.com>

**Banco Continental, S.A.**

Jaime Rosenthal, President  
Patricia Rosenthal, Vice-President  
P.O. Box 390  
San Pedro Sula, Cortés, Honduras  
Tel: (504) 2550-0880; Fax: (504) 2550-2750  
Web: [www.bancon.hn](http://www.bancon.hn)

**BAC/Honduras**

Jacobo Atala, Executive President  
René Simón, Vice-President  
P.O. Box 536  
Tegucigalpa M.D.C., Honduras  
Tel: (504) 2239-4301; Fax: (504) 2238-7200  
Web: <https://www.baccredomatic.hn>

**Banco Promérica**

Arturo Arana, President  
Lic. Gustavo Raudales, Gerente Manager  
Colonia Palmira, Ave. Rep. De Chile # 804  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2238-4285, 2280-8080; Fax: (504) 2216-4644  
Web: [www.bancopromerica.com](http://www.bancopromerica.com)

**Banrural**

Ing. Fernando Peña Presidente  
Marvin Casco General Manager  
Col. Florencia, Blvd Suyapa 3730, Edif. Banrural  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2290-1010; Fax: (504) 2239-5828  
[Http://www.banrural.com.hn](http://www.banrural.com.hn)

**Banco Azteca**

Daniel Ramón Osorto, Manager  
Oficina Principal, Col. Miramontes, Calle La Salud  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2264-1460; Fax: (504) 2264-1460, ext. 51181  
[Http://www.bancoazteca.com.hn](http://www.bancoazteca.com.hn)

**Banco Popular**

German Contreras, President  
Diego Moncayo', General Manager  
Edif. Fundación Covelo, Col. Castaño Sur  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2221-5150; 2221-5177; Fax: (504) 2221-5202  
<http://www.bancopopular.hn>

**Regional and Multilateral Development Banks:**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the World Bank and the Inter-American Development Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the World Bank (<http://export.gov/worldbank>) and to the Inter-American Development Bank (<http://export.gov/idb>).

***World Bank - Honduras***

Giuseppe Zampaglione, Resident Country Representative  
Edificio corporativo 777, 9no piso, Col. Lomas del Guijarro Sur Blv. San Juan Bosco  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2264-0200; Fax: 2239-4555  
<http://go.worldbank.org/8UPME3WI10>

***Inter-American Development Bank (IADB)***

David Ian Walker, Country Representative  
Col. Lomas del Guijarro Sur, 1era Calle  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2290-3500; Fax: (504) 2239-5752  
<http://www.iadb.org/en/country/honduras>

**Other Banks/Regional:*****Central American Bank for Economic Integration***

Nick Reischbieth, Executive President  
Edificio Sede, Boulevard Suyapa  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2240-2243; Fax: (504) 2240-2185  
<http://www.bcie.org>

**Project Financing**[Return to top](#)

Long term financing for infrastructure, industrial initiatives, and other major projects is available from both U.S. and international entities. Multilateral organizations such as the Inter-American Development Bank and the World Bank are active players in development and project financing in Honduras, along with affiliated institutions such as

the Inter-American Investment Corporation (IIC) and the International Finance Corporation (IFC), respectively. The Central American Bank of Economic Integration (CABEI) is also a leading source of multilateral financing.

The United States Export-Import Bank (Ex-Im Bank) guarantees the repayment of loans, or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders but assumes risks they cannot accept. Ex-Im Bank is not a development bank, and therefore looks for reasonable reassurance of repayment in all transactions.

Long-term financing is generally available only through special lines of credit that select commercial banks have with the Central American Bank for Economic Integration. The programs that are available concentrate on export projects, including export processing zones and industrial parks.

The U.S. Department of Agriculture (USDA) provides credit guarantees for a wide range of agricultural products exported from the United States, as well as export bonuses for selected products under the Export Enhancement Program and the Dairy Export Incentive Program. The USDA financing programs are aimed at encouraging U.S. agricultural exports.

The U.S. Small Business Administration (SBA) provides financial and business development assistance to encourage and help small business develop export markets. SBA offers both loans and loan guarantees.

The U.S. Trade Development Agency (TDA) provides grants for feasibility studies overseas on projects with high U.S. products and services export potential.

Assistance from the Overseas Private Investment Corporation (OPIC) is available for new investments, privatization, and for expansions and modernization of existing plants sponsored by U.S. investors. The investors must contribute additional capital for modernization and/or expansion to be eligible. Financing is not available for projects that can secure adequate financing from commercial sources.

## **Web Resources**

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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:  
<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: [http://www.exim.gov/tools/country/country\\_limits.html](http://www.exim.gov/tools/country/country_limits.html)

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>

Commercial Liaison Office to the Inter-American Development Bank:  
<http://export.gov/idb>

Central American Bank for Economic Integration: <http://www.bcie.org>

Honduran Association of Banking Institutions: <http://www.ahiba.hn>

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## Chapter 8: Business Travel

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### Business Customs

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In Honduras, written contracts are used as a means to formalize verbal agreements between trusted colleagues. To a greater degree than in the United States, personal relationships are important in creating and maintaining business ties and avoiding possible disputes. As a result, Honduran businesspeople build life-long relationships and establish close links with clients or customers, creating a reciprocal feeling of obligation and desire to assist.

Since Hondurans are hospitable and gracious hosts, the closing of a business deal is similar to a social activity. As a result, many Americans find that going straight to the point when negotiating with Hondurans is not well received. When meeting with Honduran counterparts, it is often best to move into business matters gradually and engage in preliminary discussions for building rapport. Business lunches are common and usually long. After the courtesy formalities have been taken care of, meetings generally turn to a more concrete discussion of business. Hence, business negotiations tend to be slower and more drawn out in Honduras, placing more emphasis on relationships than conducting a business transaction.

As far as punctuality and business etiquette, Hondurans tend to be more relaxed than Americans. Waiting for meetings is not unusual, but this approach to scheduling should not necessarily be taken as discourtesy or disinterest.

Hondurans are generally very friendly. Giving and receiving gifts is a common cultural aspect, but aren't expected during first visits or business meetings. Business cards are exchanged without much ceremony, and should preferably be printed in both English and Spanish. When traveling to Tegucigalpa, the capital city, U.S. company representatives won't go wrong by dressing in business suits. The dress code for the industrial city of San Pedro Sula, however, is much less conservatively due to the warm weather, and business attires often involve lighter fabrics and smart business casual.

One important issue to keep in mind when visiting Honduras is security. Street crime is a principal concern: including theft, pickpocketing, and armed robberies. As a precaution, one should avoid wearing excessive jewelry and visibly carrying cellular phones, valuables or large sums of money when walking in downtown areas. In the event that one's passport is stolen or lost, or that one experiences a threatening situation, it should be reported immediately to the local police and the U.S. Embassy's Consular Section.

Americans living or traveling in Honduras are encouraged to register with the U.S. Embassy through the State Department's travel registration website <http://travelregistration.state.gov> so that they can obtain updated information on travel and security within Honduras.

In March 2015, the U.S. Department of State reissued a travel warning for Honduras: <http://travel.state.gov/content/passports/english/alertswarnings/honduras-travel-warning.html>. Additional information is also available through the Consular Information page for Honduras at: <http://travel.state.gov/content/passports/english/country/honduras.html>, and the Embassy webpage: <http://honduras.usembassy.gov>.

For detailed information regarding business hours for the American Citizen Services please visit <http://honduras.usembassy.gov/regbushour.html>.

**Visa Requirements**[Return to top](#)

A U.S. passport valid for at least six months from the date of entry is required to enter Honduras. A visa is not required for American citizens, but tourists must provide evidence of return or onward travel. Immigration officials at the first port of entry determine the length of stay, up to a maximum period of 90 days.

For additional information regarding travel to Honduras, please contact the Honduran Embassy in Washington D.C. located at 3007 Tilden Street N.W., Washington D.C. 20008, tel. (202) 966-7702. In addition, Honduran Consulates are located in the following cities: Atlanta, Chicago, Houston, Los Angeles, Miami, New York, New Orleans, San Francisco, San Juan, and Tampa. For additional inquiries, please visit the Honduran Embassy's website at <http://www.hondurasemb.org>.

**1. Visas for Investors**

Individuals interested in investing in Honduras should approach the nearest Honduran consulate or the Honduran Embassy in Washington. If already in Honduras, residence visa applications are conducted through the General Immigration Directorate.

According to Executive Order No. 8, the following procedures have been developed to facilitate the entrance into Honduras for foreigners who wish to invest in agricultural, agribusiness, industrial, tourism and export projects, in accordance with government promotion and investment policies and the Export Processing Zone Law:

Art. 3: All citizens of countries with whom the Government of Honduras has established diplomatic relations are eligible for investors' visas. Others may also be eligible if they are involved in an investment initiative proposed by one of the following local institutions: Honduran Private Enterprise Council (COHEP), Foundation for Investment and Development of Exports (FIDE), National Industry Association (ANDI), or National Chambers of Commerce.

Art. 4: The classification of the "Visa for Investors" is as follows:

- a) Investor's Type 1 Visa: issued to the investors and their dependents.
- b) Investor's Type 2 Visa: issued to technicians and specialized workers, their spouses and their economic dependents.

Art. 6: The application for the visa must be submitted personally or by a legal representative, and must contain the following specific information:

- a) Complete name of the applicant.
- b) Nationality and permanent residence.
- c) Purpose of the visit.

The following documents must be included in the application:

- a) Current passport.
- b) Bank or Commercial references.
- c) Evidence or proof of the investor's intentions.

Art. 8: The bearer of a Type 1 visa will be granted a three-month visa to remain in the country. This visa may be extended up to a maximum period of one year. Those with a Type 2 visa will be authorized an initial period of one month, which can be extended up to a maximum of six months.

Art. 12: Bearers of such visas will be able to receive all the benefits established under the Export Processing Zone Law.

## **2. Residence**

The application for residence may be done outside of Honduras through a Honduran consulate, or through the Ministry of Government and Justice. The residence registration process takes about three to four months. Among the documents required to apply for Honduran residence are:

- a) Health Certificate (original and copy).
- b) Police Department Certificate (original and copy).
- c) Letter of Employment (original and copy).
- d) Two Photos.

The residence card must be renewed every year.

For more information on Permanent Residency and Special Permanent Residency please visit the Honduran Embassy's website at:

[http://honduras.usembassy.gov/acs\\_hondresid.html](http://honduras.usembassy.gov/acs_hondresid.html)

### 3. Work Permit

The following procedures are required in order to obtain a work permit in Honduras:

- a) Obtain Honduran residence. While the application for residence is in process, a temporary work permit can be requested through the Ministry of Labor.
- b) Provide the following information to the Ministry of Labor:
  - 1) A list of names of all the employees working for the company and their corresponding nationalities.
  - 2) A letter of employment and the type of job offered.
  - 3) A work contract stating the position the foreign employee will execute.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

US Embassy in Tegucigalpa: <http://honduras.usembassy.gov/visas.html>

### Money

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ATMs are widely used in Honduras. Nevertheless, travelers should carry cash and some travelers' checks as back-up plan should they encounter system difficulties. The currency in Honduras is the Lempira (HNL). As of July 2015, 1.00 USD equals 21.82 HNL.

### Telecommunications

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Telephone service is adequate. Direct-dial, long-distance calling within Honduras and to the U.S. and several other counties is available. Costs are based on the destination, and rates are available through operator assistance. Three mobile telephone providers currently operate in Honduras. Wi-Fi and high-speed connectivity is prevalent in most hotels. Standard voltage in Honduras is 110V electricity.

Radio reception is satisfactory. U.S.-style music is featured on several stations, but news is exclusively in Spanish. A good short-wave radio is necessary to receive American stations and international broadcasts, including the Voice of America (VOA). The Embassy's Public Affairs Section has schedules and program information.

Twelve local TV stations can be seen in Honduras, all with Spanish-language programming. Cable and pay TV service is also available with a wide range of stations, including major U.S. networks and entertainment-oriented stations.

Four daily Spanish-language newspapers are published in Tegucigalpa and San Pedro Sula. Major sources of English-language news are the Latin American air express

editions of the Miami Herald, the New York Times, the Wall Street Journal, the Washington Post, and USA Today, which arrive the day of, or day after, publication. Overseas editions of Time and Newsweek are available at several newsstands or by subscription.

## **Transportation**

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### **AIRLINES IN TEGUCIGALPA**

American Airlines	www.aa.com
2216-4800	
United Airlines	www.united.com
2220-0999/2233-3676	
Copa	www.copaair.com
2516-2672	
Delta	www.delta.com
2233-5132	
Avianca	www.avianca.com
2281-8222	

### **Domestic Airlines in Tegucigalpa**

Aerolíneas Sosa	www.aerolineasosa.com
2235-5107/2233-5108	
CM Airlines	www.cmairlines.com
2233-5050/2234-1886	
Avianca (TACA Regional)	www.avianca.com
2290-2812/2815	

### **AIRLINES IN SAN PEDRO SULA**

Aeromexico	www.aeromexico.com
2668-4022	
American Airlines	www.aa.com
2668-3246	
United Airlines	www.united.com
2668-3207/3209	
Copa	www.copaair.com
2668-3194/2668-3196	
Delta	www.delta.com
2668-0223/2668-0233	
Spirit Airlines	www.spiritair.com
2668-0346/2668-0260	
Avianca	www.avianca.com
2570-8338 / 2668-8319/2668-8323	

### **Domestic Airlines in San Pedro Sula**

Tropic Air	www.tropicair.com
2564-8042 / 2550-4226	
Aero-caribbean	
2552-7271 / 2668-3125	
CM Airlines	www.cmairlines.com
2668-0068/2668-0069	

Aerolíneas Sosa                      [www.aerolineasosa.com](http://www.aerolineasosa.com)  
2668-3223

### **Airlines in La Ceiba**

Aerocaribe  
2442-1154/2445-0005  
Aerolíneas Sosa                      [www.aerolineasosa.com](http://www.aerolineasosa.com)  
2442-3740  
Easy Sky                              [www.caa.hn](http://www.caa.hn)  
2442-0537/2445-0538  
Lanhsa                                [www.lanhsa.com](http://www.lanhsa.com)  
2442-1283/2414-5159  
Avianca (TACA Regional)        [www.avianca.com](http://www.avianca.com)  
2442-1967/2242-1478  
CM Airlines                        [www.cmairlines.com](http://www.cmairlines.com)  
Cayman Airways                  [www.caimanairways.com](http://www.caimanairways.com)  
2442-1075

### **Airlines in Roatan, Bay Islands**

American Airlines                [www.aa.com](http://www.aa.com)  
2216-4800/2233-1081  
United Airlines                  [www.united.com](http://www.united.com)  
2445-0224  
Delta Airlines                    [www.delta.com](http://www.delta.com)  
2445-2181  
Avianca                            [www.avianca.com](http://www.avianca.com)  
2445-1559/1088

### **Domestic Airlines in Roatan**

Aerolíneas Sosa                      [www.aerolineasosa.com](http://www.aerolineasosa.com)  
2445-1154/0005  
CM Airlines                        [www.cmairlines.com](http://www.cmairlines.com)  
2445-0106/9522-5304  
Lanhsa                                [www.lanhsa.com](http://www.lanhsa.com)  
2445-0397  
Avianca                            [www.avianca.com](http://www.avianca.com)  
2445-1559/1088

Be sure not to bring prohibited items in your luggage. Take note of the national and international legislation which prohibits the carriage of liquids and gels in hand baggage.

The departure fees are included in the airfare price and are currently:

1. Passengers on domestic flights 47.45L/ USD2.15
2. International passengers with Honduran passport USD39.97/ 879.34L
3. International passengers with all other passports USD39.97/ 879.34L

### **Declarations /Statements**

When traveling, if you carry over \$10,000.00 in cash or its equivalent in other currencies it shall be declared to the competent authority.

## Under aged

Requirements for a minor to leave the country:

1. Submit valid passport attesting that minor is within the authorized period of stay and/or the respective extension of tourism.

2. Submit to the immigration office.

Hondurans minors and foreigners living in Honduras must present:

1. Valid passport
2. Identity card for countries that do not require passports.
3. Authorization from third parties duly authenticated by Notary Public.

## Vaccines

If you want to travel onwards from Honduras to the following countries in the Americas, you should be vaccinated against yellow fever: Panama, Trinidad and Tobago, Argentina, Bolivia, Brazil, Colombia, Ecuador, French Guyana, Guyana, Peru, Surinam, Venezuela, and Paraguay. Other Countries: Angola, Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Congo, Equatorial Guinea, Ethiopia, Ivory Coast, Democratic Republic of Congo, Gabon, Gambia, Ghana, Liberia, Mali, Mauritania, Guinea, Guinea Bissau, Kenya, Nigeria, Sierra Leone, Senegal, Somalia, Sudan, Tanzania, Uganda, Nigeria, Ruanda, Sao Tome Principe, Togo.

Passenger ground transportation, including comfortable bus service, is also available to various cities in the country, as well as to some Central American destinations. Although the cabs are often run-down, taxi service is available in the downtown areas of Tegucigalpa and San Pedro Sula and can be hired on an hourly basis.

Travelers are encouraged to use the official transport services that have a business relationship with the airports and/or hotels, and same with taxis and rent a car services. One of the best options for foreign visitors is calling a Radio Taxi (504-2225-5563), a reliable cab service available in the cities of Tegucigalpa and San Pedro Sula. Major hotels and airports in Tegucigalpa and San Pedro Sula offer shuttle service for two to three times the normal rates. Taxis are not metered, so negotiation of the fare before entering is strongly advised. In addition, several car rental companies are also available.

## Language

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Spanish is the official language of Honduras. A substantial number of Honduran professionals and business executives speak English, and many high government officials and private sector leaders were educated in the United States. English is often spoken in the Bay Islands.

## Health

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Drinking water must be boiled and filtered. Purified water can be purchased in major cities and smaller towns. Fruits and vegetables must be cleaned carefully and meats cooked well. The main health hazards include AIDS, malaria, dengue fever, dysentery, parasites, hepatitis A and B, typhoid, and rabies. There have been reports of cholera as

well, although not in epidemic proportions. A malaria suppressant should be taken as well as the use of insect repellent is recommended if traveling to coastal regions or rural areas for extended stays. Heat and sun exposure are also hazards. Take care to use sunscreen and avoid dehydration. Essential medical care service is available in Tegucigalpa, San Pedro Sula, La Ceiba, and Choluteca. In the countryside, medical care in many cases is very limited and often inaccessible.

Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not accepted for hospital admission, physician service, or medical testing in Honduras. The Medicare/Medicaid program doesn't provide for payment of medical services outside of the United States. Check with your own insurance company to confirm whether your policy applies overseas, including provision for medical evacuation.

### Local Time, Business Hours, and Holidays

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**Local Time:** Honduras does not switch to Daylight Savings Time. Therefore, for six months out of the year, Honduras is 2 hours behind Eastern Standard Time. For the rest of the year, Honduras is only 1 hour behind Eastern Standard Time.

**Business Hours:** Business hours for commercial and industrial offices are between 8:00 a.m. and 6:00 p.m., Monday through Friday. Manufacturing plants and construction sites start at 7:00 a.m. and close between 4:00 p.m. and 5:00 p.m. Banks are open to the public at 9:00 a.m. and close at 6:00 p.m. Auto banking closes at 8:00 p.m. Some banks have automatic tellers that are open all night.

The Embassy is closed for the following Honduran and American holidays:

Date	Holiday
Thursday, January 1, 2015	New Year's Day (U.S./Honduras)
Monday, January 19	Martin Luther King Junior's Day (U.S.)
Tuesday, February 16	President's Day (U.S.)
Thursday, April 2	Holy Thursday (Honduras)
Friday, April 3	Good Friday (Honduras)
Saturday, April 4	Easter Saturday (Honduras)
Tuesday, April 14	Day of the Americas (Honduras)
Friday, May 1	Honduran Labor Day (Honduras)
Monday, May 25	Memorial Day (U.S.)
Friday, July 3*	Independence Day (U.S.)
Monday, September 7	Labor Day (U.S.)
Tuesday, September 15	Central American Independence Day (Honduras)
Wednesday, October 28**	Francisco Morazán's Birthday (Honduras)*
Thursday, October 29	Discovery of America (Honduras)*
Monday, October 12	Columbus Day (U.S.)
Friday, October 30	Honduran Armed Forces Day (Honduras)*
Wednesday, November 11	Veterans Day (U.S.)
Thursday, November 26	Thanksgiving Day (U.S.)
Friday, December 25	Christmas Day (U.S./Honduras)
Friday, January 1, 2016	New Year's Day (U.S./Honduras)



\* July 4, 2015 (the legal public holiday for Independence Day) falls on a Saturday. For most U.S. Federal employees, Friday, July 3, will be observed as a holiday.

\*\* The timing of these holidays may change, pending on the Honduran government's final determination on when they will be observed.

Official embassy holidays are posted at:

<http://honduras.usembassy.gov/holidaysched.html>

## **Temporary Entry of Materials and Personal Belongings**

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The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product that is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Industry and Trade. Amendments made to the RIT law in 1997 allow manufacturers to export their products into other Central American countries. These amendments also enable local importers to resell the machinery and equipment no longer needed, by paying an import duty based on its C.I.F. value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended for the same period of time, if necessary. Temporary import requirements also apply under Article 74 of the Honduran Customs Law for a period of up to 6 months, such as in the case of products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time of re-exporting the product.

For additional information on Temporary Entry of Materials and Personal Belongings please contact:

### **Honduran Export Assistance Center**

Public hours: 7:30 a.m. to 3:30 p.m.

Tegucigalpa desk office:

Edificio de San José, Blvd. Kuwait

Telefax: 2235-3707; 2235-8529; 2235-4075

San Pedro Sula  
Edificio Banco Central, 5 y 6 Ave. 3 Clle.  
Tel: 2553 – 6570, 2553- 6566 Fax 2553- 6569

**Banco Central de Honduras**

Tegucigalpa: 2235-3684 and 2216-1000  
San Pedro Sula: 2552-2741 to 43  
La Ceiba: 2442-0602, 0622, 0642  
Choluteca: 2782-0421

**Ministry of Agriculture**

Tegucigalpa: 2235-4075  
San Pedro Sula: 2553-6567

**Web Resources**

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- US Embassy in Tegucigalpa, Honduras: <http://honduras.usembassy.gov>.
- State Department Visa Website: [http://travel.state.gov/visa/visa\\_1750.html](http://travel.state.gov/visa/visa_1750.html)
- Secretaría de Desarrollo Económico: <http://www.prohonduras.hn>

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## Chapter 9: Contacts, Market Research and Trade Events

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### Contacts

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#### A. Government of Honduras

##### **Presidential Palace**

Juan Orlando Hernandez  
President of the Republic of Honduras  
Palacio José Cecilio del Valle  
Blvd. Juan Pablo II  
Tegucigalpa, M.D.C.  
Tel: (504) 2221-4545; Fax: (504) 2221-4570  
<http://www.presidencia.gob.hn>

##### **Central Bank of Honduras**

Marlon Tabora Muñoz, President  
Edif. Banco Central  
Apdo. Postal 3165  
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Tel: (504) 2237-1677, 2237-2270; Fax: (504) 2237-6261  
<http://www.bch.hn>

##### **Ministry of Foreign Affairs and International Cooperation**

Arturo Corrales, Minister  
Antigua Casa Presidencial, ½ cuadra al norte de la  
Corte Suprema de Justicia  
Tegucigalpa, M.D.C.  
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<http://www.sre.gob.hn>  
E-mail: [consultas@sre.gob.hn](mailto:consultas@sre.gob.hn)

##### **Ministry of Economic Development**

Alden Rivera, Minister  
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<http://www.prohonduras.hn/>

**Ministry of Finance**

Wilfredo Cerrato Rodríguez, Minister  
Secretaría de Finanzas  
Tegucigalpa, M.D.C.  
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<http://www.sefin.gob.hn>

**Ministry of Infrastructure and Public Services**

Ing. Roberto Ordoñez, Minister  
Bo. La Bolsa, Comayagüela, M.D.C.  
Tel: (504) 2225-0994; 2225-2690; 2225-3614/0691  
Fax: (504) 2225-5003  
<http://www.insep.gob.hn/>

**Ministry of Security**

Julián Pacheco, Minister  
Cuartel General de Casamata, Subida al Picacho  
Tegucigalpa, M.D.C., Honduras  
Tel: (504) 2229-0172; 2229-0049; 2229-0003  
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<http://www.seguridad.gob.hn/>

**Ministry of Agriculture and Livestock**

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Blvd. Centroamérica, Ave. La FAO  
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<http://www.sag.gob.hn>

**Ministry of Energy, Natural Resources, Environment and Mining**

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Fax: (504) 2239-2011  
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**Ministry of Labor and Social Security**

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<http://www.trabajo.gob.hn>

**National Banking & Insurance Commission**

Mrs. Ethel Deras, President  
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Tegucigalpa, Honduras  
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**Institute of Tourism**

Emilio Silvestri, Minister  
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<http://www.letsgehonduras.com>  
<http://www.iht.hn>

**Ministry of Health**

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**Directorate of Culture, Arts and Sports**

Ponce Morazán, Executive Director of Sports  
Fidelia Molina, Director of Culture and Art  
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**Ministry of Education**

Marlon Escoto, Minister  
1ra Ave., entre 2-3 Calle  
Comayaguela, M.D.C., Honduras  
Tel: (504) 2238-4325; 2238-4260  
Fax: (504) 2222-8571  
<http://www.se.gob.hn>

**Civil Aviation Directorate**

Coronel Jose Israel Navarro, Director  
Aeropuerto Internacional Toncontín  
Tel: (504) 2234-0233 / 0353  
P.O. Box 30145, Tegucigalpa, M.D.C., Honduras  
<http://www.dgachn.org>

**Empresa Hondureña de Telecomunicaciones (HONDUTEL)**

Jesús Arturo Mejía, President of Supervisory Commission  
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Tegucigalpa, M.D.C., Honduras  
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<http://www.hondutel.hn>

**Servicio Autónomo Nacional de Acueductos y Alcantarillados (SANAA)**

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Tegucigalpa, M.D.C., Honduras  
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**Empresa Nacional de Energía Eléctrica (ENEE)**

Roberto Ordoñez, General Manager  
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**National Port Authority**

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**Community Development Institute, Water and Sanitation**

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Aracely Batres, Executive Director

7mo Piso, Torre Alianza, Col. Lomas del Guijarro Sur

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Maria Lydia Solano, Executive Director

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<http://www.ahiba.hn>

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Armando Urtecho, Executive Director

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<http://www.cohep.com>

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**Chamber of Commerce and Industry of Tegucigalpa (CCIT)**

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**Construction Industry Chamber (CHICO)**

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**Honduran Federation of Chambers of Commerce (FEDECAMARA)**

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Abog. Vilma Montoya Executive Director

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**Honduran Apparel Manufacturers Association**

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**National Industry Association (ANDI)**

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**Federation of Agricultural Producers and Exporters (FPX)**

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**Honduran Association of Municipalities (AMHON)**

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Tegucigalpa, M.D.C., Honduras  
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**National Honduran Association of Exporters (ANEXHON)**

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**Honduran Mining Association (ANAMINH)**

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<http://www.anamimh.hn>

**Association of Meat Importers (AIMCA)**

Bo. Buenos Aires, 1era y 2da Ave. 10 Calle, NO, casa No. 109  
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Tel: (504) 2551-2468; 2551-0664; Fax: (504) 2551-2468  
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**Honduran Association of Importers and Distributors of Vehicles (AHDIVA)**

Delmy de Jaar, President  
Edif. Montecarlo, Col. Montecarlo  
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E-mail: [ahdiva@amnettgu.com](mailto:ahdiva@amnettgu.com)  
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**Honduran Association of Importers and Distributors of Petroleum Products (AHDIPPE)**

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Sarahí Silva, Manager  
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**Honduran Association of Shipping Companies and Representatives (AHCORENA)**

Carlos Ysaguirre, President  
Oscar A. Girón, Executive Director  
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San Pedro Sula, Cortés, Honduras  
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**Honduran Association of International Cargo Companies (AHACI)**

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**National Aquaculture Association (ANDAH)**

Marco Polo Micheletti, Executive Director  
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**Honduran Chamber of Insurance Companies (CAHDA)**

Luis Atala, President  
Tetthey Martínez, General Manager  
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<http://www.cahda.org>

**Honduran Chamber of Tourism (CANATURH)**

Epaminondas Marinakys, President  
Lic. Liliam Lagos, Executive Director  
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**National Federation of Agricultural Producers (FENAGH)**

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**National Hotel Association (AHAH)**

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**C. U.S. Embassy Commercial Service Office and Economic Personnel*****U.S. Commercial Service*****Regional Commercial Counselor for Central America**

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NOTE: The U.S. Commercial office can provide you with better assistance if an appointment is scheduled prior to departure from the U.S.

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Central America Desk Officer  
U.S. Department of Commerce  
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Washington, D.C. 20230  
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**Market Research**[Return to top](#)

To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

**Trade Events**[Return to top](#)

Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

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## Chapter 10: Guide to Our Services

### **SelectUSA:**

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring.

The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov/>

### **National Export Initiative:**

The President’s National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: [www.export.gov](http://www.export.gov)

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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